



# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-90-205

### CONTENTS

23 October 1990

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Zhou Enlai Works on Foreign Affairs Viewed [RENMIN RIBAO 11 Oct]	1
Song Jian Stresses Environmental Protection [XINHUA]	5
Shanghai Mayor Fetes Foreign Financial Experts [Shanghai Radio]	5
World Bank Team Inspects Gansu Province [Lanzhou Radio]	6
Article Views Changes in World Structure [BAN YUE TAN 10 Sep]	6
International World Economy Seminar Opens [XINHUA]	8
Workshop on Mineral Statistics Opens in Wuhan [XINHUA]	9

##### United States & Canada

Li Ruihuan Meets Stanford Research Official [XINHUA]	9
U.S. Bank Approves Shenzhen Glass Company Loan [XINHUA]	9
Import Mission Plans \$500 Million Purchases [XINHUA]	10

##### Soviet Union

Li Ruihuan Meets Marxism-Leninism Group [XINHUA]	10
Gold Mining Exhibition Opens 20 Oct in Harbin [Harbin Radio]	10

##### Northeast Asia

Japanese Official on Sovereignty of Diaoyu Island [XINHUA]	11
Editorial Views Dispute Over Diaoyu Island [Hong Kong WEN WEI PO 23 Oct]	11
Vice Governor Receives Japanese Delegation [HEILONGJIANG RIBAO 8 Sep]	12
Heilongjiang Official Meets Japanese Delegation [HEILONGJIANG RIBAO 19 Sep]	12
Jiangsu's Chen Huanyou Meets Japanese Delegation [Nanjing Radio]	12
Ni Zhifu Meets Japanese Labor Movement Group [XINHUA]	13
Series Assesses Japan's Military Development	13
Part One [Hong Kong TA KUNG PAO 16 Oct]	13
Part Two [Hong Kong TA KUNG PAO 17 Oct]	14

##### Southeast Asia & Pacific

NPC's Liao Hansheng Continues Visit to Thailand	16
Speaks at Banquet [XINHUA]	16
Meets With Thai King [XINHUA]	16
Wan Li Meets With Thai Delegation [XINHUA]	16
Singaporean Prime Minister Stops in Xian 22 Oct [Xian Radio]	17
Vanuatu President Departs Xian for Shanghai [Xian Radio]	17
New Ambassador to Indonesia Interviewed [ZHONGGUO XINWEN SHE]	17
Sino-Australian Chicken Raising Project Complete [XINHUA]	18
Sino-Australian Officials at Plant Opening [XINHUA]	19

##### Near East & South Asia

News Organization Exchanges With Israel	
[Hong Kong SOUTH CHINA MORNING POST 23 Oct]	19

Kuwaiti Amir To Visit Security Council Capitals [XINHUA] .....	19
Chinese Food Festival Opens in Sri Lanka [XINHUA] .....	20

#### Sub-Saharan Africa

Qian Qichen, OAU Leader on African Situation [XINHUA] .....	20
CPC Leader Song Ping Meets Somali Visitors [XINHUA] .....	20
Women's Federation Hosts Ethiopian Group [XINHUA] .....	20

#### West Europe

EC Agreement To Lift Sanctions Reported [XINHUA] .....	21
EC Decides To Maintain Arms Sale Ban [XINHUA] .....	21
Yang Shangkun Appoints New Ambassador to France [XINHUA] .....	21
Zhu Rongji Meets German Students' Delegation [Shanghai Radio] .....	21
Zhu Rongji Welcomes German Economic Delegation [Shanghai Radio] .....	21

#### Latin America & Caribbean

Reportage on Colombian Defense Minister's Visit .....	22
Visit Planned 21-26 Oct [XINHUA] .....	22
Dinner Hosted by Qin Jiwei [XINHUA] .....	22
Talks With Yang Shangkun [XINHUA] .....	22
Meets Chi Haotian [XINHUA] .....	22
CPC's Song Ping Meets Colombian Visitors [XINHUA] .....	22

### NATIONAL AFFAIRS

#### Political & Social

Official Denies Release of Democracy Activists [Hong Kong TA KUNG PAO 23 Oct] .....	23
Qiao Shi Promises Continuing Crackdown on Crime [XINHUA] .....	23
Political Bureau Member Li Tieying in Hubei [Wuhan Radio] .....	23
Li Tieying at Traditional Medicine Ceremony [XINHUA] .....	24
Tian Jiyun Inspects Hebei Cotton Production [HEBEI RIBAO 12 Sep] .....	24
Further on Leaders Attending Marshal Xu Funeral [XINHUA] .....	25
Central Leaders Write Inscriptions for Book [NEIMENGKU RIBAO 13 Sep] .....	25
National Congress of Young Pioneers Ends [XINHUA] .....	25
Jiang Chunyun Meets With Shaanxi Delegation [Jinan Radio] .....	26
Jiangsu Leaders Meet Minorities Delegation [Nanjing Radio] .....	26
Popularity of Village Elections Reported [CHINA DAILY 22 Oct] .....	26
Beijing Campaign To Publicize New Election Laws [XINHUA] .....	27
Patriotism Urged on 130th Anniversary of Burning [XINHUA] .....	27
Administrative Procedural System Cited [RENMIN RIBAO OVERSEAS EDITION 19 Oct] .....	27
Journal Summarizes Year's United Front Work [XINHUA] .....	29
Jiusan Society Central Committee Member Dies [XINHUA] .....	29
Legal Authority Wang Ruqi Dies 6 Oct [RENMIN RIBAO 15 Oct] .....	29
Literary Scholar Yu Pingbo Dies [XINHUA] .....	30
Minister Urges Better Conditions for Intellectuals [XINHUA] .....	30
Anhui Meeting on Protecting Lawyers' Rights [XINHUA] .....	31
Minister Peng Peiyun Views Population Control [JINGJI RIBAO 6 Oct] .....	31
Zhejiang National Child Work Conference Opens [Hangzhou Radio] .....	32
Minister Views Righting Traffic Irregularities [XINHUA] .....	33
Yang Taifang Urges Improving Telephone Services [XINHUA] .....	34
Beijing Film Academy Marks 40th Anniversary [XINHUA] .....	34
Central Drama Institute Celebrates Anniversary [XINHUA] .....	34

### Economic & Agricultural

Chen Jinhua Interviewed on Economic Reform [XINHUA] .....	34
On Relevance of Foreign Experience [XINHUA] .....	35
Minister Profiled [XINHUA] .....	35
Zou Jiahua on Eighth Five-Year Plan Formulation [XINHUA] .....	36
Praises Production of New Truck [Beijing Radio] .....	36
Central Bank Calls for Effective Use of Loans [XINHUA] .....	36
Interregional Borrowing Funds State Projects [XINHUA] .....	37
Article Analyzes Crude Oil Price [JINGJI GUANLI 8 Aug] .....	37
Article Urges Natural Gas Price Reform [JINGJI GUANLI 8 Aug] .....	41
Article Notes Depreciation of Production Funds [JINGJI GUANLI 8 Aug] .....	42
Measures on Unequal Wealth Distribution Studied [Hong Kong SOUTH CHINA MORNING POST 22 Oct] .....	45
Government Details Aid to Poor Areas [XINHUA] .....	46
Poor Areas in Northwest China Shake Off Poverty [XINHUA] .....	46
Minority Areas Benefit From Coastal Development [XINHUA] .....	47
Campaign to Help Poor Succeeds in Rural Areas [XINHUA] .....	47
Chen Junsheng Outlines Grain Reserve System [RENMIN RIBAO 8 Oct] .....	48
State Council Approves Afforestation Plan [XINHUA] .....	50
Gao Dezhan Stresses Forest Resource Management [Beijing Radio] .....	50
Chang Jiang Afforestation Proceeding Well [RENMIN RIBAO 15 Oct] .....	50
Commentator's Article [RENMIN RIBAO 15 Oct] .....	51

### REGIONAL AFFAIRS

#### East Region

Shen Daren on Jiangsu's Economic Development [JIEFANGJUN BAO 6 Oct] .....	53
Jiangxi To Receive Record Grain Output [XINHUA] .....	53
Shandong Popularizes Defense Education [XINHUA] .....	53
Shanghai Discipline Inspectors Help Government [XINHUA] .....	54
Zhejiang's Li Zemin on Socialist Theory [ZHEJIANG RIBAO 5 Oct] .....	54
Governor Shen Zulun Gives Speech on Agriculture [Hangzhou Radio] .....	56
Addresses Militia Conference [Hangzhou Radio] .....	56
Zhejiang Promotes Circulation of Party Newspapers [ZHEJIANG RIBAO 14 Oct] .....	57

#### Central-South Region

Henan Measures on Political Consultation [Zhengzhou Radio] .....	57
Guan Guangfu at Xu Beihong Painting Exhibition [Wuhan Radio] .....	58
Hubei's Grain Output Sets 'All-Time Record' [XINHUA] .....	58



## General

### Zhou Enlai Works on Foreign Affairs Viewed

HK1910073190 Beijing RENMIN RIBAO in Chinese  
11 Oct 90 p 7

[Article by Pei Jianzhang (5952 1017 4545) and Fan Chi (2868 6375): "An Ideological Monument to New China's Diplomacy—Selected Works of Zhou Enlai on Foreign Affairs"]

[Text] The "Selected Works of Zhou Enlai on Foreign Affairs" (hereafter abbreviated as "Selected Works"), which was jointly compiled and edited by the Ministry of Foreign Affairs and the party Central Committee's Party Literature Research Center and whose title was inscribed by Comrade Deng Xiaoping, is now off the presses. This is a happy event of great significance in our party history circles, academic circles, and particularly diplomatic circles.

As the principal leader of the first generation to take charge of New China's foreign affairs, Zhou Enlai carried out profound and creative study and exposition on practically all major issues in international relations as well as in our country's foreign relations after the war. His written works collected at the Ministry of Foreign Affairs alone numbered more than 5,000. The 80 articles collected in the "Selected Works" are the most important and more representative of his works. It systematically chronicles the historical process through which this proletarian master diplomat applied the fundamental theory of Marxism to resolve the practical issues in China's foreign relations and gradually opened up our country's external relations. It reflects Zhou Enlai's vast and deep thinking on diplomacy, his important theoretical contributions, and his unique diplomatic style. It is an ideological monument to a new type of socialist diplomacy. We feel deeply that Zhou Enlai's fundamental ideas, views, knowledge, and foresight on diplomacy as cited in the "Selected Works" transcend time, and are not only of realistic significance as a guide to our present-day diplomatic work, but will certainly produce a lasting impact.

#### On the Essence of New China's Foreign Relations and the Fundamental Stand of Independence and Self-Reliance

New China's foreign relations started from zero. What exactly are the functions of foreign relations? At the inauguration of the Ministry of Foreign Affairs, Zhou Enlai explicitly stated that in a world where classes continue to exist, the state mechanism is a tool for class struggle. As a function of the state mechanism, diplomacy, like the military, is a tool to protect the interests of the state. But during times where no war or destruction is taking place, diplomacy is the first line of work in the defense of national interests vis-a-vis the outside world. ("Selected Works," page 2. All subsequent citations followed by page numbers are to be understood to have been taken from the "Selected Works") From the

Marxist thesis on the state, he summed up the essence and unique mission of diplomacy. This exposition not only played an inspiring and decisive role in the early days of diplomacy in New China, but continues to enjoy strong vitality today.

Even before the establishment of the PRC, Zhou Enlai had already stated: "Our fundamental stand on issues on foreign relations is that of independence of the Chinese nation, independence and self-reliance." ("Selected Works of Zhou Enlai", Vol 1, page 321) Setting out from this fundamental stand, he successfully guided the struggle on the diplomatic front to destroy the old and build the new during the early days of the PRC; that is, nonrecognition of the foreign relations conducted during the Kuomintang period, establishment of new relations with all countries on a new basis, and abolition of all special privileges of imperialism in China, thereby opening a new page for New China's foreign policy of independence and self-reliance.

It was also from this fundamental stand that New China carried out an acute and protracted struggle against the United States' anti-China policy.

On its relations with the Soviet Union, New China also consistently upheld its fundamental stand of independence and self-reliance.

#### On the Thinking That War and Peace Are the Main Contradictions in the Postwar World, That World Wars Can Be Prevented But Not Regional Wars, and That New China's Fundamental Foreign Policy Is That of Peace

The international contradictions in the postwar period were intense and complicated, with all kinds of views prevailing. Determination of the principal contradictions was of immense importance to the formulation of a correct policy in New China's foreign relations. Following thorough study and research, Zhou Enlai pointed out clearly at a foreign policy working meeting in 1953: "The principal contradiction in the world today is the question of war and peace." (pages 58-59, 52) In line with this thesis, he proposed that "the attitude toward war and peace" should be used as the "primary key" to differentiate our friends from our foes in international relations.

After identifying the principal contradictions, the next question was whether a world war "will be fought or not." On this, Zhou Enlai insisted on the classic thesis that the dangers of war are ever present as long as imperialism and hegemonism exist. But he also stressed that a world war "could be delayed" and thus "it could also be prevented." At the same time, he vividly noted: "Limited wars, that is regional wars, are, however, unavoidable." (page 321)

Confronted by such a world situation, what kind of policy should be adopted by socialist China? Zhou Enlai's response was: Uphold peace, oppose war, counter imperialism and hegemonism's policy of war with a

policy of peace, and struggle valiantly to stop war and safeguard peace. On foreign relations, he proposed the establishment of the broadest united front for peace in order to isolate the forces of war to the greatest extent.

**On the Idea of Establishing and Developing Relations With All Countries of the World on the Basis of the Five Principles of Peaceful Coexistence**

The Five Principles of Peaceful Coexistence are the quintessence of Zhou Enlai's ideas on foreign relations. One of the main features of his work on diplomacy was the explanation and propagation of the five principles, endeavoring for China and all countries of the world, as well as those countries themselves, to coexist on the basis of these principles and further ensure world peace. In outlining the mutual relationship provided for in the five principles, Zhou Enlai pointed out: "Peace can only be guaranteed if there is mutual respect of sovereignty and territorial integrity. Infringement of the sovereignty and territorial integrity of any state and interference in the internal affairs of any state will inevitably endanger peace. If all countries will agree to mutual nonaggression, the conditions for peaceful coexistence may then be established in the relations among states." The integration of the principles of national sovereignty and of equality among nations with the objective of peaceful coexistence, as well as the definition of corresponding restraining conditions, all coming together to form an organic whole—herein lies the strength of the Five Principles of Peaceful Coexistence.

Zhou Enlai also proposed using the Five Principles of Peaceful Coexistence as an international system for mutual supervision in order to ensure that all countries will live in peace and achieve development. In effect, this pointed to a blueprint and a means to establish a new international political and economic order on the basis of the Five Principles of Peaceful Coexistence. It is of extremely profound significance.

**On the Idea of Firmly Supporting the Struggles of the People of Asia, Africa, and Latin America To Achieve and Safeguard National Independence, Vigorously Strengthening Solidarity and Cooperation With Third World Countries, and Incorporating These as the Main Features in New China's Foreign Policy**

New China regarded the countries of the Third World as the focus of its foreign policy. Zhou Enlai attended the Bandung Conference, strove to solve many problems with neighbours left over from the past, visited 27 Afro-Asian countries on three major foreign trips, and did a lot of work to promote solidarity and cooperation between our country and Afro-Asian countries and among the Afro-Asian countries themselves in the struggle to oppose imperialism and colonialism, safeguard national independence, and uphold world peace. On his third foreign trip, he personally announced the five principles governing relations with Arab and African states. In fact, these principles constituted China's policy on the entire Third World.

At the same time as it promoted unity and cooperation and mutual support in political affairs, New China also actively supported the Third World countries in their struggle to develop their national economies and achieve economic independence. It also did what it could to provide economic assistance. The Eight Principles on Economic and Technical Assistance to Foreign Countries, as proposed by Zhou Enlai, represented the program of action in this area. These principles were in sharp contrast to the so-called "aid" from certain countries. They became a model for mutual cooperation among developing countries and provided a forceful tool in the Third World's struggle to set up a new international economic order.

**On the Idea of Emphasizing Independence and Self-Reliance and Actively Engaging in International Economic Cooperation on the Basis of Equality and Mutual Benefit**

Zhou Enlai consistently attached great importance to economic cooperation with foreign countries (including scientific and technical cooperation), maintaining that this was an important and inseparable component of foreign relations. It not only contributed to better political ties with other countries but was an indispensable condition for acceleration of our country's socialist modernization. He opposed self-confinement, believing that no country in the world can be totally autarkic and that all countries are interdependent. This is especially so in today's world of rapid international economic and scientific and technological advances. Based on the postwar experience of economic development in various countries, Zhou Enlai clearly suggested: "China's economic development will have to rely mainly on independence and self-reliance...but, for its economy and science and technology to attain advanced levels, it will also need to engage in international cooperation." (page 412)

Even as he actively advocated economic cooperation with foreign countries, Zhou Enlai always adhered to the policy of independence and self-reliance and vehemently opposed the ideology of dependency.

Equality and mutual benefit, exchange of complementary services and goods—this was yet another fundamental principle that Zhou Enlai consistently upheld in so far as economic cooperation with foreign countries was concerned. He believed that: Cooperation should be conducted on the basis of mutual benefit and joint development. It should not favor one side and harm the other. "By conducting economic cooperation on the basis of equality and mutual benefit, the future for development is boundless." (page 421)

**On Using the Idea of "Seeking Common Grounds on Major Issues and Reserving Differences on Minor Issues" as the Fundamental Attitude and Method To Deal With Differences in Ideology and Social System in International Relations**

The idea of "seeking common grounds on major issues and reserving differences on minor issues" became



famous after Zhou Enlai raised and successfully applied it at the conference of Afro-Asian countries. It has since become the symbol behind China's cooperative stance in handling international contradictions. What is meant by "seeking common grounds on major issues and reserving differences on minor issues"? Zhou Enlai made an extensive elaboration on this in the "Selected Works."

Speaking on Sino-British relations in 1954, he pointed out: China and Britain share both similarities and differences. The differences lie in ideology and social system, while the similarities are that we both want peace and want to do business. Our attitude is to seek common grounds and not differences. We do not ask Britain to change its capitalist system. The objective is to promote Sino-British relations and strive for peaceful cooperation. (pages 81-82) In his address before the Bandung Conference, he stated: Different ideologies and social systems exist in the countries of Asia and Africa, but this does not stop us from seeking common grounds and from uniting with one another. We should all set aside our differences in ideologies and social systems and use our common aspiration for peaceful cooperation as the foundation to resolve the problems currently under discussion. (pages 122, 126)

Zhou Enlai's idea on "seeking common grounds on major issues and reserving differences on minor ones" meant seeking common grounds on peaceful cooperation and reserving differences in ideologies and social systems. Its objective was to ensure the coexistence of all countries on the basis of the Five Principles of Peaceful Coexistence.

#### **On the Strategic Thinking Behind New China's Foreign Policy**

In a meeting with (Ali Zaburi), chairman of Egypt's cabinet ministers' executive council, in April 1963, Zhou Enlai spoke on "some philosophical ideas on how the Chinese conduct business." They may be summed up as follows: 1) It is necessary to be patient and not impose one's views on others. 2) Never fire the first shot. Others may be the first to do harm to me but I will never be the first to do harm to others. 3) "Failure to respond to provocations would be wrong." If you are bad to me and take advantage of me, I shall be forced to be prepared and to retaliate. Otherwise, I will be taken for a coward and weakling. 4) "Retreat three steps backward." In other words, if you charge on, I will retreat and give you a warning. Another charge, another retreat and another warning, but there can be no third retreat.

In effect, what Zhou Enlai narrated here constituted the fundamental strategic thinking behind New China's foreign policy: "Gaining mastery by striking after the enemy has struck," "being reasonable, favorable, and restrained." He was also adept at taking the essence from our traditional philosophy and applying it appropriately in the formulation and practice of diplomatic theories,

bringing a rich, unique Chinese flavor to his thought and style in diplomacy and greatly enhancing their appeal and attractiveness.

#### **On the Idea of Fostering a Diplomatic Style for New China**

Zhou Enlai always said that the new style of diplomacy under socialism should make a clean break with the traditional diplomacy of the past. Aside from thinking and policies, "a banner should be erected for a new style of diplomacy." On this, he made many expositions and vivid illustrations in the "Selected Works."

1. Firm stand on principles and flexibility in strategy. Zhou Enlai stressed that a strong sense of principle should be integrated well with flexibility if the desired results are to be attained. Principle is the premise which is non-negotiable. On major issues in foreign relations, the stance on pros and cons should be very clearcut and no ambiguity which may lead to misconceptions may be tolerated. Adherence to principles may be realized, however, only through flexibility, and without flexibility there can be no adherence to principles. Hence, he said: "It is necessary to uphold principles, but the methods should be flexible in order to attain success."

2. Neither haughty nor servile, and equal treatment of all. Once, speaking at a Foreign Ministry meeting, he stated: The diplomacy of old China was either rejection of all foreigners or subservience to them. It was either a sense of arrogance or a sense of inferiority. New China must break away from this tradition. Our attitude should be neither haughty nor servile, and this should be mastered well by all. (page 16) Neither haughty nor servile is a simple question of form, but instead a manifestation of the Chinese nation's self-respect and self-confidence as well as its modesty and humility. Its essence is the question of equal treatment of all. In dealing with small and weak countries, special attention should be given to avoiding arrogance and conceitedness. This was the consistent thinking of Zhou Enlai.

3. Credibility and trustworthiness. Speaking on diplomacy as the relationship between one state and another, Zhou Enlai said: When a state conducts business with another state, they should both keep their word. Therefore, when dealing with foreign countries, never make promises that one cannot keep. Once one's word has been given, it should be kept. By doing so, we can greatly enhance our credibility in the international arena, keeping our enemies on their toes while making our friends feel that we are reliable.

4. Seeking truth from facts and conquering by reason. Zhou Enlai spoke extensively on this during his meeting with the staff charged with receiving the British Labor Party delegation. He said: In presenting the conditions in our country, say whatever there is to say and speak on the factual situation. On the one hand, do not speak excessively on the progress made; on the other hand, be realistic when talking about the negative points. Only in this way can we gain the initiative.

Zhou Enlai was never overbearing, but rather he always tried to convince others sincerely by calmly presenting facts and reasons. This style is reflected in the talks he had with several foreign guests and which are contained in the "Selected Works."

Naturally, the diplomatic style that Zhou Enlai initiated for New China went far beyond this, but in each and every aspect, he himself was a towering and glorious banner.

**On Persisting in the Correct Integration of Patriotism and Internationalism and Always Proceeding From the Fundamental Interests of the Chinese People and the People of the World**

The correct integration of patriotism and internationalism runs through the entire body of Zhou Enlai's diplomatic thought. Speaking at a diplomatic corps meeting in 1952, he comprehensively and dialectically expounded on the necessary complementary relationship between patriotism and internationalism and pointed out the various erroneous tendencies for the two to be mutually contradictory. Setting out from there, he presented New China's fundamental stand of independence and self-reliance: It emphasized the principle of equal sovereign rights in relations between socialist states and opposition to interference in the internal affairs of other states in the name of "internationalism"; regarded support for the struggle of oppressed people to achieve and safeguard national independence as an international obligation of New China; advocated that all countries in the world, regardless of size, strength, and wealth should enjoy equal rights of independence and self-reliance, and opposed all forms of hegemonism and power politics. It may be said that the correct integration of patriotism and internationalism as advocated by Zhou Enlai meant that diplomatic work proceeded from the fundamental interests of the Chinese people and the people of the world. It manifested the broad vision that the proletariat must emancipate the whole of mankind before it can emancipate itself, as well as a profound understanding of the interdependent relationship governing the interests of all nations.

**On the Application of Marxism's Material Dialectics, Opposition to and Prevention of Subjectivism and Metaphysics**

Adept application of material dialectics; factual and not subjective, comprehensive and not one-sided analysis of the situation; decisionmaking and problem solving—these are the remarkable features in the thinking and works of Zhou Enlai as a great Marxist. And they were particularly prominent in his work in foreign affairs. All the articles in the "Selected Works" fully reflect this thinking and spirit.

In accordance with the principles of materialism, Zhou Enlai always stressed that diplomatic work should proceed from objective facts, decisions and operations should be undertaken on the basis of thorough investigation and research, and there can be no room for

"perhaps," "maybe," and "it is assumed"; that targets and tasks in diplomatic work should be drawn up based on factual analysis of the international situation and of our country's national strength and its influence abroad, and not based on subjective aspirations; that it is necessary not to be hampered by existing conclusions, and new ideas and new concepts should be raised in accordance with changes in the real situation and used to guide work; that principles should not be mechanically copied but should be adapted for implementation of realistic and feasible concrete policies and plans of action; and being realistic in dealing with concrete events related to foreign affairs and being adept in making necessary compromises under certain given conditions so as to speed up the settlement of an issue.

In accordance with the demands of dialectics, Zhou Enlai always adhered to the analysis of contradictions by dividing everything into two in assessing the international situation and handling issues in foreign relations. In other words, he considered not only the two-points theory but also the key point theory and was skillful in identifying the main contradiction under concrete situations; he upheld the view concerning the popular links among things, paid attention to analysis of the whole, and opposed, as well as prevented, the tendency toward isolation; he upheld the view of overall development, took care to see through a changing world, and opposed and prevented stagnation; he upheld the view of unity of contradictions, paid attention to mastering the unity within contradictions, and opposed and prevented absolutism; he upheld the view of the uniqueness of contradictions, took care to make concrete analysis of concrete problems, and opposed and prevented simplification; he firmly opposed "leftist" and rightist tendencies in understanding and in work, and took care to avoid one tendency covering the other. His assessment and handling of the contradictory relationships between war and peace, struggle and unity, internationalism and patriotism, independence and peaceful coexistence, as well as self-reliance and economic cooperation all shone with the brilliance of dialectical thinking and demonstrated convincing perception.

It may be said that the correctness of Zhou Enlai's diplomatic thought and the success of his diplomatic work are inseparable from his adherence to dialectical materialism in his thinking and his work which conformed with objective reality. While some of his concrete ideas on diplomatic work may have become "outdated" because of changes in the situation, his scientific methods in thinking and working methods are enduring.

Since Zhou Enlai's death, the world has undergone enormous changes. Following readjustments, our country's foreign policy has become more positive and livelier. At present, as the international strategic situation is again in an autumn of transition from old to new and of unrest and uncertainty, our country's foreign policy is confronted by new challenges and opportunities. At this time, a thorough study and examination of the "Selected Works," an earnest understanding of Zhou Enlai's



thoughts and experience in diplomacy, mastery of his position, viewpoints, and methods—all these will certainly help us be more resolute, conscientious, and mature in implementing a foreign policy characterized by independence, self-reliance, and peace, open up a new vista on the diplomatic front, and score new victories in diplomatic work.

### **Song Jian Stresses Environmental Protection**

OW2310032490 Beijing XINHUA in English  
0222 GMT 23 Oct 90

[Text] Beijing, October 23 (XINHUA)—Economic development must be organically integrated with the environment, and growth can not be sustained at the sacrifice of the environment and resources, a high-ranking Chinese official said here Monday.

Song Jian, state councillor and head of the National Environmental Protection Committee, made the remark in his opening speech at the international conference on the integration of economic development and the environment, which opened here yesterday.

He said that to protect the environment China has found a way with its own characteristics. "We implement the policy of simultaneously planning and carrying out economic development, urban and rural construction and environmental protection," he explained.

By strengthening management of the environment, resources and energy have been saved, the environment improved and economic development promoted, he said. "As a result, we have avoided the rapid deterioration of the environment while doubling our gross national product," he said.

At the same time, he noted, the ongoing large-scale economic construction has presented a much more arduous task for China as far as protecting the environment is concerned.

Like other countries, he added, China faces the challenges of global environmental problems such as the destruction of the ozone layer, acid rain, the greenhouse effect and the destruction of species.

As an overall strategy, he pointed out, the idea of sustainable development raised by the world environment and development committee must rely on joint efforts for its realization.

He asked the Chinese and foreign experts to further study ways for the coordinated development of the economy and the environment and contribute to the sustainable development of the economy and environment both in China and the rest of the world.

Attending the conference were 43 representatives from foreign countries and regions, as well as international organizations, and 44 Chinese representatives from 21 government departments and from Shanghai Municipality, and Guangdong and Hainan Provinces. During

the three-day conference they will discuss the environmental protection and explore international co-operation.

Speakers at the opening ceremony also included Maurice Strong, secretary general of the United Nations Conference on the Environment and Development; Dr. Peter Goldmark, president of the Rockefeller Foundation; Roy Morey, resident representative of the United Nations Development Program; Martin Lees, convenor of the conference; and Ma Hong, director of the U.N. research center to advise on economic, technological and social development.

### **Shanghai Mayor Fetes Foreign Financial Experts**

OW2210062690 Shanghai City Service in Mandarin  
2300 GMT 16 Oct 90

[Text] After two days of heated and frank reporting, discussions, and dialogues, over 200 Chinese and foreign financial experts completed their agenda for an international seminar on Shanghai finances.

Delegates to the meeting generally held that it was constructive and fruitful.

Mayor Zhu Rongji highly appraised this meeting at a farewell banquet yesterday evening. He said that the meeting had achieved two remarkable results: Through this seminar, international financial circles have begun to take great interest in Shanghai's financial and economic developments and increased their understanding in this regard. Apart from that, international financial circles further strengthened their ties and cooperation with Shanghai. Such ties and cooperation is very important, both to the cooperation between Shanghai and other countries, and to world peace.

Vice Mayor Huang Ju made a concluding speech at the closing ceremony yesterday afternoon. He said: In developing financial institutions in Shanghai, it is, of course, necessary to rely on our own efforts, but it is all the more necessary to have support from the central authorities, as well as assistance and cooperation from financial circles at home and abroad. We shall continue to uphold the policies of reform and opening to the outside world. On the one hand, we shall approve the establishment in Shanghai of branches of foreign banks; and on the other hand, we shall reform the domestic financial system, improve legislation, nurture and develop the capital market, and increase our financial management ability.

Chen Yuan, vice governor of the People's Bank of China, said in his speech: The financial market in China is healthily developing, and its degree of openness is gradually increasing. The reform and development of China's financial institutions will not come to a halt.

Liu Hongru, vice minister of the State Commission for Economic Restructuring, said yesterday: Pudong development and reform of financial institutions should be linked with that of the whole economic structure. It is

hoped that Shanghai will provide new experiences in reforming the financial system.

As the principal organizer of the seminar, American International Assurance President Mr. Greenberg said, while summing up the seminars: This seminar made it possible for its participants to share experiences and for foreign financial institutions to understand what their Chinese counterparts have been doing. Now, many foreign investors hope to come to Shanghai, for they are optimistic about Shanghai's future.

During yesterday's meeting, Mr. Corrigan, president of the U.S. Federal Reserve Bank in New York, and the deputy director of Bank Negara of Malaysia respectively made reports. Mr. William Simon, former U.S. secretary of the treasury, also made a special speech entitled "Create Some Heritage for the 21st Century." Chinese delegates briefed those present on the situation in funding needed in securities exchange, foreign exchange regulation, and Pudong development in Shanghai.

After the closing of the seminar, foreign financial experts are also to hold discussions with members of Shanghai trade and financial circles this morning.

#### **World Bank Team Inspects Gansu Province**

*HK2310071590 Lanzhou Gansu Provincial Service  
in Mandarin 2300 GMT 21 Oct 90*

[Text] A seven-member team including diplomatic officials from the U.S., Japanese, West German, French, and Italian embassies in China and advisers from the World Bank Beijing-based office arrived in Lanzhou yesterday evening. They will make an on-the-spot investigation of some local projects covered by the loan from the World Bank.

The team had been to the Inner Mongolia and Ningxia Autonomous Region for a five-day on-the-spot visit. From today on, they will further find out about how the loan has been utilized and what results have been achieved, and what difficulties the province is facing so that they will report to their governments in the hope that the World Bank will resume granting loans to China as it did before.

#### **Article Views Changes in World Structure**

*OW1810052290 Beijing BAN YUE TAN in Chinese  
No 17, 10 Sep 90 pp 30-34*

[Article from the column "How To Look at the World Today" by Yao Yun (1202 0061), deputy editor-in-chief and senior XINHUA NEWS AGENCY reporter: "How to Look at the Changes in the World Structure at Present"]

[Text] Very important and profound changes are taking place in the international situation. These changes are produced by the changes in the ratio, balance, and

alignment of international forces. These changes will produce effects and evoke repercussions on the future of the world.

#### **The Characteristics of the Changes in the World Structure at Present**

What are the characteristics of the changes in the world structure at present?

—The world is moving towards multiple polarization. After World War II the world structure was divided into two opposing extremes represented by the two superpower: the United States and the Soviet Union. The United States and the Soviet Union, however, declined in the position they long held in the world and a new center of forces rose in both the East and the West. It has become a major trend for the world to move towards multiple polarization.

Clues forecasting this trend were discernible as early as the 1960's. The U.S. defeat in its war of aggression against Vietnam, the rift in relations between China and the Soviet Union, EC expansion, and the takeoff of Japan's economy were important indications of the world structure's trend toward multiple polarization. U.S. President Nixon expounded the trend for the first time in a speech delivered in Kansas in 1971. He said, at present, five superpowers exist in the world: the United States, the Soviet Union, West Europe, Japan, and China. He maintained that the five superpowers would determine the future of the world during the remaining thirty years of the century.

The passage of 20 years confirmed the fact that the multiple polarization trend is accelerating its development. The two superpowers are declining. West Europe, on the whole, is in a well-placed position to make rival claims as an equal to the United States and the Soviet Union; while the certainty of a unified Germany becoming a superpower in the world is all the more conspicuous. In the East, Japan has grown to become the world's second economic superpower and is making its way towards becoming a political superpower. The tremendous potential of China is commonly recognized by the people all over the world; moreover, its achievements scored by implementation of the reform and open policy and endeavors for development have also made the world treat it with increased respect. Though the national power of an individual member country of the Third World is too insignificant to be compared with the superpowers, no one can afford to treat their collective political influence lightly. Therefore, they should also constitute a pole in the international arena. It is thus evident that the world is no longer dominated by two poles and, instead, a situation of various contending forces and polarization is taking shape in the world.

—The Yalta structure dissolved. Drastic changes have taken place in the Soviet Union and in the Eastern European situation since 1989, resulting in important changes for the political map of Europe.

At the end of the World War II at the conferences held in Tehran, Yalta, and Potsdam, the leaders of the United States, the Soviet Union, and the UK carved out their spheres of influence from Europe to the Far East. A situation of long-term confrontation and cold war between the two blocs, headed by the United States and the Soviet Union, took shape on the above basis after the war. Because the Yalta Conference played the most conspicuous role here, the carving out of spheres of influence was called the "Yalta Structure."

China's victory in its revolution and the founding of the PRC was the earliest event to break through the Yalta Structure because China originally was placed under the sphere of U.S. influence. The structure in Europe, however, was maintained for over 40 years after World War II.

The drastic changes in the political situation of Eastern Europe in 1989 caused all the Eastern European countries to split from the Soviet camp. The Warsaw Treaty Organization was paralyzed and CEMA lost its vitality. Eastern Europe became a market for which the Western powers thirst and is a new ground for them to carve out their respective spheres of influence. Separating Germany to prevent it from rising again was originally the most important point of the Yalta agreement. Now, Germany is to unify on 3 October. The changes in these two areas changed the ratio and tipped the balance of the forces in Europe. They constitute important changes to the Yalta Structure.

The structure of international relations, which play a dominant role in world affairs, is undergoing a change. The big triangle relations between the United States, the Soviet Union, and China occupied a fairly prominent position in world politics during the period when the world was divided into two polarized systems centered mainly around the two superpowers. Now, with the world moving towards multiple polarization, this concept of big triangle relations is currently not enough to include or embrace wider international relations. The easing of relations between the United States and the Soviet Union also tilted these triangle relations to some degree. Because the United States and the Soviet Union—still fearing and guarding against each other and regarding the other as its main opponent—hope to make use of China as a force to balance the rapidly rising Japan, the role of these big triangle relations must not be neglected, even though the meaning of such relations have changed slightly.

With the change in the international situation and international relations, former Chancellor of Federal Germany Schmidt not long ago drew a new trigonometrical picture when he said that there are two triangles existing in the world at present: The political triangle consists of the United States, the Soviet Union, and China; the economic triangle consists of the United States, Japan, and Western Europe. This analysis added international economic relations to the structure of international relations. Although the analysis looked comprehensive

enough, it does not seem perfect. In fact, the close relationship between economy and politics cannot be separated. If the two triangles really exist as stated, they are intertwined and overlapped, forming multiple and multilateral relations. Besides, North-South relations are becoming increasingly more important in international economic and political relations. This point cannot be neglected in analyzing the structure of international relations.

At present, as the world pattern is changing, diplomats and critics of strategy in various countries are making different inferences with regard to the future structure of international relations and the future composition of forces in the world. Jeanne Kirkpatrick, former U.S. ambassador to the United Nations, contends the United States has the idea of setting up a "trilateral model" in which Japan and Germany, together with the United States, will "play the dominant role." But Liang Houfu, a political commentator of Chinese origin, contends that one of the two formulas of A and B may emerge in the future world: The A formula will be Germany, the Soviet Union, China, and Japan against the United States; the B formula will be the United States, Japan, and China against the Soviet Union, Germany, and France.

Obviously, all kinds of inferences and ideas about the future composition of forces in the world cannot be confirmed as correct at present. And some of them are absurd. However, international forces will manage to maneuver among various political groupings, disperse and regroup, and keep changing in order to adapt to the changing situation. It may be said that the future structure of international relations and the composition of forces in the future world will be very complex and hard to predict.

#### The Turbulence in Europe and Its New Security System

At present, the most conspicuous changes in the pattern are taking place in Europe. The outstanding manifestations are as follows:

- The decline of the Soviet Union's national strength.** The chaotic political situation, the deterioration of economic conditions in the Soviet Union, and the sharpening of national contradictions have greatly weakened its international status and influence.
- The separation of Eastern Europe from the Soviet Bloc.** The majority of the countries in Eastern Europe, having changed their political and economic systems, are now beset by crises of political turbulence and economic difficulties.
- Germany will be unified soon.** European countries are keeping a wary eye on each other, and because of this, many old and new contradictions have been revived.
- The sharpening of national contradictions in the Soviet Union and Eastern Europe.** Many republics under the Soviet Union proclaimed "independence" one after another. Confrontations and conflicts have taken



place in many areas as a result. The national contradictions in Yugoslavia are threatening the federation system. In some countries disputes caused by nationality problems are developing.

These factors have brought about a certain degree of turbulence and instability in the European situation. How to establish a new security structure for Europe to replace the already broken Yalta system is still the focal point of international discussion, controversy, and vision. The crux of the problem for Western countries is how to continue to guard against the Soviet Union and restrain unified Germany. This determines the stand of various countries regarding this problem.

Therefore, the United States stands for establishing a new security system for Europe with the United States and Germany as the axis and NATO as the foundation. The purpose is to maintain the United States' influence and leadership over European affairs.

Britain generally maintains the same stand as that of the United States, but it does not agree with the axis based on the United States and Germany, and hopes to rely on "the special relations between the United States and Britain" and to ally with France in guarding against the Soviet Union and Germany.

France's vision is to build a security system through the European Security Conference with France and Germany as the axis and the EC as the foundation. This reflects France's wariness of the United States' control of European affairs and attempts to strive for a dominant role.

Federal Germany adopts a low posture in the hopes of reducing opposition to its quest for the reunification of Germany. It endorses the establishment of a security system with either EC or NATO as the nucleus. But it seems that Federal Germany is leaning towards the European Security Conference system in order to give itself more freedom of movement in dealing with the United States, its European allies, or in dealing with the Soviet Union and Eastern Europe.

The Soviet Union, however, advocates for the Warsaw Treaty Organization and NATO to be replaced by the European Security Conference system. The Soviet Union is not only attempting to drag Germany and the United States into its camp, but also wants to guard against them. It wishes to carry out its plan of joining Europe and building the "European mansion" step by step.

#### **Signs of Changes in the Situation in the Asia and Pacific Region**

Changes in the current situation in the Asia and Pacific region are as obvious and drastic as those in Europe. Certain important signs are visible, however, which show the situation in this region is also significantly changing:

--The quadrilateral relationships between the United States, Japan, China and the Soviet Union, which are playing a decisive role in this region, are developing and changing in a complex way. The influence of the United States and the Soviet Union is declining, while that of Japan and China is increasing.

--Regional strength centers are gradually rising. These centers refer to India in the South Asia region and Indonesia in Southeast Asia.

--The Asian and Pacific nations' economies are increasing by larger margins. The speed of their development ranks first in the world. In addition to the "four little dragons," Thailand and Malaysia, both of which are ASEAN members, are speeding up their economic development. The rise of the economic position has increased the weight of the Asia and Pacific region in international politics.

--Economic contradictions between the United States and Japan are developing. The brush in the economic sphere has expanded to the political sphere.

--Old hot spots, such as Afghanistan and Cambodia, are gradually taking the road of political solution. Numerous obstacles still exist which are not easy to overcome. It is also possible that new hot spots will appear. For instance, in western Asia lately, Iraq intruded into Kuwait. The United States has taken the lead to intervene militarily, and the tense situation has developed to the brink of war. It is still hard to say what will happen in the future. The repercussions, however, have affected the world as a whole.

Obviously, the development of the situation in the Asia and Pacific region not only shows the changes in the global situation, but also promotes changes in the world structure.

The various factors and phenomena appearing as changes in the world structure show the world's turbulence and instability. In the current years of a changeable international situation and changes in the world structure, we must observe the situation in a sober-minded way, calmly deal with changes in the affairs of human life, and devote ourselves to the great cause of developing the Chinese nation. This will push the wheel of history toward the goal of peace and development.

#### **International World Economy Seminar Opens**

OW2210142090 Beijing XINHUA in English  
1257 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Projecting the world economy in turbulent times is the central topic of the international seminar on an interlinked country model system, which opened here today.

Economists and specialists from 17 countries and regions in Asia and the Pacific, and international organizations are meeting to discuss some of the changes and difficulties, and look into the future with the help of



economic models. They will also exchange views on the economic development and outlook in the Asia-Pacific region and on China's economy.

Goran Ohlin, assistant secretary general of the United Nations, said that "economic projections obviously become extremely difficult in such circumstances. Things have simply become less predictable."

In his keynote address, Ohlin said that just in time for the 1990s the world began to tremble, and historical events succeeded one another in a way no one had dreamed of a few years earlier.

The integration of Europe became a bolder ambition than it had ever been, first with the launching of a plan for a single market by 1992, and then by the breathtakingly ambitious scheme for a common European currency, which is a step towards a united states of Europe, he added.

Projections for the 1990s "were very similar to the trends of the 1980s," said Ohlin. "They pointed to a continuation of the the same pattern of rapid growth in Asia, decent growth in the developed countries, even in Eastern Europe and the Soviet Union, but continued stagnation and decline in the two large continents of Africa and Latin America."

Ohlin said that future prospects for the world economy included some important transformations, which he summarized as follows:

- rapid technological change;
- the increasing openness and interaction among economies;
- rapid and profound political evolution;
- the environment and development nexus;
- the role of human development and protection of the next generation;
- sudden shocks to sensitive parts of the world economy.

Wu Jiapi, honorary president of the Chinese Association of Quantitative Economics, said that the economy of the Asia-Pacific region will continue to be the fastest growing segment in the world economy and is becoming very important.

The interlinked country model system for the Asia-Pacific region is a regional co-operative project sponsored by the Economic and Social Commission for Asia and the Pacific.

Gan Ziyu, vice minister of the State Planning Commission, said that "the seminar provides us with an opportunity to exchange experience and information with colleagues on the world economy, the economy of the Asia-Pacific region, and research on economic models."

He said that it will undoubtedly be conducive to the formulation of economic policies in Asian-Pacific countries and the region, and to the promotion of economic

co-operation and enhancement of economic forecasting and research standards in these countries.

#### **Workshop on Mineral Statistics Opens in Wuhan**

OW2010210790 Beijing XINHUA in English  
1646 GMT 20 Oct 90

[Text] Wuhan, October 20 (XINHUA)—An international workshop on the statistical prediction of mineral resources opened here today.

More than 120 experts from nine countries, including the United States, the Soviet Union, India and China, are attending the six-day meeting.

The meeting was organized by the China University of Geosciences and a Canadian institute of geology.

#### **United States & Canada**

#### **Li Ruihuan Meets Stanford Research Official**

OW2210141490 Beijing XINHUA in English  
1310 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met and had a cordial conversation here today with Jeffrey Chuan Chu, consultant to the president of the Stanford Research Institute (SRI International) of the United States.

#### **U.S. Bank Approves Shenzhen Glass Company Loan**

OW2210091790 Beijing XINHUA in English  
0722 GMT 22 Oct 90

[Text] Shenzhen, October 22 (XINHUA)—The Export-Import Bank of the United States will provide a loan of 99.95 million U.S. dollars to the Zhongkang Glass Corporation in Shenzhen City, Guangdong Province, with a pay-back period of 13 years.

A signing ceremony was held for the agreement in Shenzhen Saturday evening, according to corporation officials.

The loans will be used to import advanced technology and equipment from Corning Incorporated of the U.S. for the Zhongkang Company's aperture mask project.

The project, with an initial investment of 190 million U.S. dollars, is a joint venture between two groups of companies on the Chinese mainland and a Hong Kong company.

According to the officials, the project will go into operation in September 1992.

**Import Mission Plans \$500 Million Purchases***OW1910184690 Beijing XINHUA in English  
1304 GMT 19 Oct 90*

[Text] New York, October 18 (XINHUA)—A 60-member strong China import delegation headed by Wang Runsheng met representatives of business circles in New York tonight at a reception held at the Chinese General Consulate.

More than 200 guests, including over 70 people from the New York business community, attended the reception in honor of the import mission.

"It has been a consistent policy of the Chinese Government to promote Sino-U.S. trade," Mr. Wang, member of China's National People's Congress (NPC) and the financial and economic committee, said in an interview with Chinese and American reporters before the reception.

China's imports from the United States have decreased this year because of adjustment in the country's industrial structure, Wang said. The purpose of this delegation is to buy more products from the United States, he added.

Some factors affecting imports from the United States also come from the U.S. side, Wang pointed out. "For example, for some of the equipment we wanted to import, we could not get the necessary (export) licenses (from the U.S. Government)," he noted.

He pledged China would do its utmost not to reduce American imports, and hoped the U.S. Government will make the same effort with Chinese goods.

The China import mission consists of trade representatives from six cities and provinces, and also 14 import and export companies. The total purchasing value of the mission's shopping list is expected to exceed 500 million U.S. dollars, but the final volume will not be known until the delegation's visit to other parts of the country has been completed, according to mission sources.

This is the first time that China has sent an import mission to the United States, however, it is not unusual for Chinese companies to purchase commodities during the third and fourth quarters of a business year in preparation for the next year's production goals, Wang said.

Before the reception, Sinochem, a Chinese import company, and the Commodities Trading International Corporation (CTI), a U.S. trading company, signed a contract for the Chinese side to buy 24 million dollars worth of diamonium phosphate fertilizer from the American company.

Wang and other leading members of the China import mission together with Ms. Lynda Stevens, a representative of the State of Connecticut, were present at the signing ceremony.

The China import mission arrived in New York yesterday after visiting Washington, D.C. The delegation is scheduled to visit the cities of Chicago, Houston, Los Angeles, San Francisco and Seattle before returning to China on November 3.

**Soviet Union****Li Ruihuan Meets Marxism-Leninism Group***OW2210224290 Beijing XINHUA in English  
1502 GMT 22 Oct 90*

[Text] Beijing, October 22 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a delegation from the Soviet Union's Institute of Marxism-Leninism of the Central Committee of the Communist Party, led by its director, Georgiy Smirnov.

After extending a warm welcome to the Soviet visitors, Li briefed the Soviet delegation on China's achievements in reform and opening to the outside world in the past decade.

As China is continuing to develop its own socialism with full confidence, Li said that the CPC and the Chinese people are greatly concerned about the reforms taking place in the Soviet Union, sincerely hoping that the country will overcome its current difficulties and develop in a good direction.

In regard to the current research and practice of Marxism-Leninism, Li said that it is very harmful to negate the fundamental principles of the ideology, and also incorrect to ignore the natural change and development of societal needs.

Li stressed the importance of combining Marxism-Leninism with the real-life conditions that different countries face.

He said that all those faithful to Marxism-Leninism should diligently work to safeguard it and socialist countries.

Later in the meeting, Smirnov briefed Li on the reforms occurring in the Soviet Union and the current research in Marxism-Leninism.

He spoke highly of China's efforts to uphold Marxism-Leninism, saying that the Soviet Union is willing to join China in upholding and making a creative research effort in Marxism-Leninism.

**Gold Mining Exhibition Opens 20 Oct in Harbin***SK2210102290 Harbin Heilongjiang Provincial  
Service in Mandarin 1000 GMT 20 Oct 90*

[Text] The USSR gold mining achievements exhibition, the first of its kind ever held in China since the founding of the PRC, opened in Harbin on 20 October. On display

were the technical achievements and equipment models made by the Soviet Union over recent years in geological prospecting of gold mines, drilling and blasting of gold mines, gold mining and dressing, equipment repairing and maintenance, and water supply pipelines.

During the period of this exhibition, the Chinese and the Soviet sides will also hold a research meeting on gold [words indistinct] to exchange each other's gold producing technologies and experiences. Viewing the exhibition were specialists and technicians from across the country's gold enterprises and pertinent departments, more than 300 persons in total. Attending the opening ceremony and viewing the exhibition were An Zhen-dong, vice chairman of the provincial People's Congress Standing Committee; Cong Fukui, provincial vice governor; and Ai Dacheng, deputy director of the State Administration of Gold Control.

### Northeast Asia

#### Japanese Official on Sovereignty of Diaoyu Island

OW2310083290 Beijing XINHUA in English  
0809 GMT 23 Oct 90

[Text] Tokyo, Oct 23 (XINHUA)—Japanese Chief Cabinet Secretary Misoji Sakamoto arrogantly claimed here Monday that the Diaoyu Island was Japan's intrinsic territory.

Sakamoto made the remark at a press conference when referring to Japan's interception of two ships of Taiwan trying to land on the island on Sunday.

It was regrettable that a team of Taiwanese athletes attempted to land on the island, which Japan called Senkaku Islands, Sakamoto said, adding that the Japanese Government tackled the incident properly and cautiously based on relating decrees.

Japanese patrol boats and helicopters prevented a delegation of athletes from planting an olympic torch on the island on Sunday.

Referring to China's recent statement calling on Japan to dismantle a lighthouse installed on the island, Sakamoto said that the government was studying the problem carefully in line with Japan's "basic stance."

Recent reports said that a Japanese rightwing political group had received permission from the Japanese Government to renovate the lighthouse.

A Chinese Foreign Ministry spokesman said in Beijing yesterday that the Diaoyu Island has always been part of the Chinese territory and China has indisputable sovereignty over the island.

It is totally unjustified for the Japanese Government to dispatch warships and aeroplanes to enter the sea waters of the Diaoyu Island and intercept the ships from the Taiwan province, the spokesman said.

#### Editorial Views Dispute Over Diaoyu Island

HK2310045790 Hong Kong WEN WEI PO in Chinese  
23 Oct 90 p 2

[Editorial: "Both Sides of the Strait Unite in Dealing with the Foreign Country and Safeguarding China's Sovereignty over Diaoyu Island"]

[Text] Yesterday, a spokesman of the Ministry of Foreign Affairs of China reacted to the incident in which Japan sent naval vessels and planes to intercept Taiwanese fishermen landing on Diaoyu Island. The spokesman reiterated that Diaoyu Island is an inherent territory of China and China has indisputable sovereignty over the island. The Chinese Government strongly demands that the Japanese Government immediately stop all activities that encroach upon China's sovereignty on Diaoyu Island and in its nearby waters.

The spokesman stressed the above-mentioned stand when he was answering Taiwan reporters' questions. After the Japanese naval vessels invaded Diaoyutai waters and drove out the Taiwan fishing vessels, Taiwan "presidential palace" immediately held an emergency high-level conference. One of the subjects under discussion was to study Beijing's attitude in the hope of knowing Beijing's reaction to this incident. All figures who are familiar with Chinese affairs know the weight that Beijing carries. The spokesman of the Chinese Ministry of Foreign Affairs immediately stated the above-mentioned stand to the Taiwan reporters. This is, no doubt, a patriotic action of supporting the Taiwan compatriots and shows the attitude that both sides of the strait unanimously oppose Japanese invasion of Chinese territory and sovereignty.

China demands that the Japanese Government immediately stop the activities of invading Diaoyu Island and its neighboring waters; its attitude is strong. The Taiwan authorities also reiterated that Taiwan fishermen have the right to fish at Diaoyu Island and in the traditional fishing areas of its nearby waters; that Japan shall not hinder them; and that in the event of any disputes arising therefrom, the Taiwan military will adopt effective measures to protect the fishermen, where necessary. Very obviously, the attitudes of both sides of the strait echo each other and unite in dealing with the foreign country.

To encroach upon China's sovereignty over Diaoyu Island, Japan has adopted a gradual exploratory tactic. In the beginning, it took the unnoticed opportunity to stealthily build lighthouses in order to see which way the wind blew. It first let right-wing organizations improve lighting in a nongovernmental capacity and then the Japanese authorities examined, approved, and recognized this work. If the Chinese people do not notice, expose, and stop this, Japan will nibble at China's territory under the pretext of a fait accompli. Japan thinks that Diaoyu Island is within the military defense area of Taiwan beyond the reach of mainland authority and that so long as Japan makes use of the contradictions between two sides of the strait, it can profit from their



conflict. The development of the situation over the past few days proves, however, that the two sides of the strait have a firm and unshakable attitude toward safeguarding sovereignty and jointly resisting foreign aggression, that Japan has had no crack to get in, and that its action of sending naval vessels into Diaoyu Island waters was recorded by television video tapes so that people can clearly see its features and its attempt of "taking the unnoticed opportunity" was smashed. Through this incident, the Chinese people of the two sides of the strait will be more vigilant against Japan's vain attempt to restore militarism and against its vainly attempted expansionist ambitions and will thus strengthen national unity.

As the editorials of Taiwan newspapers pointed out, the Diaoyutai incident makes the Taiwan people realize the political realities of Taiwan more clearly. The people of the "independence" group say that if Taiwan announces independence and appears in a new state name, Taiwan's predicament can be readily resolved. But the harsh realities are that Taiwan can hardly deal with matters of sovereignty like Diaoyutai independently. What course Taiwan follows warrants consideration.

It is appropriate that the Taiwan authorities hold that the dispute on Diaoyu Island should be resolved through diplomatic negotiations rather than military force. However, there are no diplomatic relations between Taiwan and Japan; it is the Beijing Government that has established diplomatic relations with Japan on behalf of China. On 18 October, before Taiwan fishing vessels set out to deliver the torch, the spokesman of the Chinese Ministry of Foreign Affairs censured the Japanese right wing-organizations at a press conference that the installation of navigational lights on Diaoyu Island was an act of violating the sovereignty of China, reiterated that Diaoyu Island is an inherent territory of China, and strongly demanded that the Japanese Government immediately adopt effective measures to quickly stop the above-mentioned activities of the Japanese right-wing organizations and to prevent similar incidents from occurring again.

We believe that after China made known its position, it will adhere to its stand, persist in the strong conviction of safeguarding China's sovereignty, and ensure that Japan is to stop the undue activities involving Diaoyu Island.

If Japan resumes the militarist line of expanding territories, this will surely evoke the Asian people's bitter memories of the Japanese crimes of launching the war of aggression in those years, which is disadvantageous to Japan. The expansionist policy of Japan will surely arouse Japanese peace-loving people's opposition to arms expansion. Over the past few days, anti-war demonstrations have continuously appeared in Tokyo and so far as some people of Japan are concerned, should be a dose to make them sober-minded.

### Vice Governor Receives Japanese Delegation

SK2010035090 Harbin HEILONGJIANG RIBAO  
in Chinese 8 Sep 90 p 1

[By Han Tiejun (7281 6993 6511): "Du Xianzhong Meets With China-Visiting Delegation of Shiga Prefectural Representative Assembly in Japan"]

[Text] On 7 September at the office of the provincial government, Provincial Vice Governor Du Xianzhong met with the China-visiting delegation of the Shiga Prefectural Representative Assembly in Japan, headed by (Yanyong Fengyi).

Vice Governor Du Xianzhong extended a warm welcome to the Japanese guests for their visit. He said: Heilongjiang Province as well as some cities in the province have established friendly ties with some prefectures and cities in Japan, and the contacts between them have become more and more. I hope that China and Japan will further strengthen friendly contacts. Du Xianzhong also briefed the Japanese guests on the province's situation in economic construction. The Japanese guests in turn made a brief account of the situation of Shiga Prefecture, and expressed hope of further strengthening the friendly relations with Heilongjiang Province.

### Heilongjiang Official Meets Japanese Delegation

SK2210102890 Harbin HEILONGJIANG RIBAO  
in Chinese 19 Sep 90 p 1

[By Han Tiejun (7281 6993 6511): "Sun Kuiwen Meets With Japanese Guests"]

[Text] Provincial Vice Governor Sun Kuiwen met with a youth delegation from Hokkaido of Japan led by Ryuichi Nakamura at the provincial government on the afternoon of 17 September.

The Japanese guests, totaling 16, have come at the invitation of the provincial foreign affairs office. They arrived in Harbin on 16 September.

Provincial Vice Governor Sun extended warm welcome to the Japanese guests on behalf of the provincial government. He gave a briefing on our province's situation and answered questions raised by the Japanese guests.

### Jiangsu's Chen Huanyou Meets Japanese Delegation

OW2210144690 Nanjing Jiangsu Provincial Service  
in Mandarin 1015 GMT 20 Oct 90

[Text] A good-will delegation from Japan's Aichi Prefecture today called on the Jiangsu Provincial Government and the provincial People's Congress Standing Committee. Governor Chen Huanyou and Vice Governor Wu Xijun greeted Suzuki, governor of Aichi Prefecture; (Harano), speaker of the Aichi Prefectural Assembly; and their party at the main entrance of the meeting hall.

Governor Chen said: Our idea about future exchanges between Jiangsu and Aichi is that we should continue to



develop the existing good relations between the governments of the two sides, should further exchange and develop our experience in economic field and in social work, should actively open up channels for exchange in various fields, should support major cooperation projects between enterprises and the financial sectors of the two sides, and should continue to encourage nongovernmental exchanges. Chen Huanyou said: Construction of the Sino-Japanese Friendship Hall, which symbolizes friendly cooperation between the Jiangsu Provincial Association for Friendship with Foreign Countries and the Aichi Prefectural Japanese-Chinese Friendship Association, will begin soon. It will facilitate cooperation and exchanges between the two sides, to Japanese visitors to China, and to Japanese organizations in China. Governor Chen hoped that the Aichi Prefectural Government would support the project.

Governor Suzuki said: Compared with what I saw when I was here five years ago, Jiangsu has made marked achievements in various fields. Exchanges between Aichi and Jiangsu in the past 10 years are quite satisfactory. We will continue to develop such cooperation relations. As to the construction of the Sino-Japanese Friendship Hall, we should maintain contacts. The Aichi Prefectural Government will provide appropriate aid.

During the delegation's visit to the provincial People's Congress Standing Committee, Standing Committee Vice Chairman Li Zhizhong hoped that cooperation between the Jiangsu Provincial People's Congress and the Aichi Prefectural Assembly would be strengthened. Speaker Harano said: I have made many new friends in the last two days. From a long-term historical point of view, 10 years are just a first step. Both sides should make greater efforts in the future.

Zhang Yaohua, vice chairman of the provincial People's Congress Standing Committee, was present at the meeting.

#### Ni Zhifu Meets Japanese Labor Movement Group

OW2210133090 Beijing XINHUA in English  
1114 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Ni Zhifu, vice chairman of the Standing Committee of the National People's Congress and president of the All-China Federation of Trade Unions, met a delegation from the Institute of International Labor Movement of Japan headed by its President Akira Iwai here today.

Ni Zhifu and Akira Iwai had a cordial conversation on further strengthening the solidarity and friendship between the workers of the two countries.

The Japanese delegation arrived here yesterday on a good-will visit to China.

#### Series Assesses Japan's Military Development

##### Part One

HK1610073090 Hong Kong TA KUNG PAO in Chinese  
16 Oct 90 p 3

["Special article" by Mai Tsun (7796 2625): "Whither Japan? (Part One)"]

##### [Text] Asian People's Suspicions Hard To Erase

The Japan question and the German question are the two biggest challenges confronting mankind in this century. As the century comes to an end, many continue to be haunted by these two questions.

Whither Japan? This is one question that touches the raw nerves of the Japanese people but is also of great concern among Asian people. At the regular meeting of ASEAN foreign ministers in Jakarta last July, Japan's Foreign Minister Taro Nakayama spoke carefully and apologetically: Japan expresses its sincere self-re-examination and acknowledgement of the pains the last war has caused the various countries in Asia. The ASEAN foreign ministers stated categorically: "There exists within the ASEAN the view that Japan is a threat." On this, Foreign Minister Nakayama made some clarifications. Speaking with conviction and making solemn vows, he appeared to represent the determination of all of Japan—top to bottom, present and future generations—to keep its pledge. After listening to him, however, the foreign ministers remained skeptical. This is the mood governing the relationship between the people of Japan and the rest of Asia.

The words of the Japanese people may be considered the most difficult to fathom in the world—vague and ambiguous. The Japanese people do not seem to have the courage to speak out clearly and directly. And this creates psychological pressure on the neighboring countries regarding foreign relations. If, for instance, the Japanese explicitly say: "Japan's defensive forces will henceforth reach this and that level," and follow up these words with actions, that could have given its neighbors an idea of what to expect and lessen their anxieties. The terrible thing is that all Japanese, from the prime minister to the ordinary man in the street, all profess to "oppose expansion of military facilities." Even the Constitution clearly stipulates "Japan may not possess any military force." What is one to think of the 300,000-strong Self-Defense Force as well as the excellent military facilities.

Even as the countries of the world debate whether or not Japan will become a military power, Japan itself has already transformed that question into fact. Japan's defensive might may be clearly seen from the unique features in its development of defense capabilities.

First, the growth rate of Japan's military budget is the fastest among the powers of the world. Comparing 1986 with 1971, the growth rate is 139 percent, which is 5.5 times the U.S. growth rate of 25 percent and 4.5 times

the NATO countries' growth rate of 31 percent. Japan's defense budget is the third largest after the United States and the Soviet Union.

Second, the rate of weapons replacement is extremely rapid. In the 1990's, Japan will replace 90 percent of its anti-air missiles. Relying on its enviable economic wealth, it will implement a strategy to develop its defense capabilities through "stabilizing quantity and raising quality."

#### The Unique Feature in Japan's Development of Defensive Force

Third, Japan's conventional weapons and facilities are the most advanced in the world. In the 1990's, Japan's Navy will possess four "8.8 naval fleets" and 100 P-3C anti-submarine planes; the Air Force will have 163 F-15 fighter jets and eight E-2C AWACS; the Army will have first class "Patriots" anti-air missiles. Aside from the United States, Japan possesses the greatest number of P-3C anti-submarine planes and F-15 fighter jets in the world.

Fourth, Japan possesses enormous economic wealth and advanced technology, thus the potential of their development is intimidating. While Japan's population is less than one-fiftieth of the world's population, its gross national product is 12 percent of that of the world. It has surpassed the United States on civilian technology and is threatening to do so in military technology. For instance, the accuracy of its missiles and its communications technology have already exceeded those of the United States. In fact, it is also leading the rest of the world in many of today's most crucial and sensitive military technologies. As was stated in the book "The Japan That Can Say No," if Japan were to stop supplying the United States with military technology, the United States' supremacy would vanish instantly; if Japan were to sell its technology to the Soviet Union and not the United States, the U.S.-USSR balance of power would have to be redrawn.

The rough sketches cited above vividly reveal the true picture of Japan as a military power. The question now is not "whether it will or it will not" become a military power, but how "big" a military power will Japan become? How will it make use of its strong military power?

#### How "Big" Will It Become?

How "big" will Japan's military might become in the future? Japan itself does not seem to have a "hundred years' plan" in this regard. The following trends are quite distinctive. First, it wants to break free from all military constraints imposed on the "defeated country." Concretely speaking, it is the amendment of Article 9 of the Constitution and removal of the three non-nuclear principles and three principles on exports of weapons in order to restore full and independent sovereignty over military matters as befit an independent country.

Second, on weapons system, as long as the U.S.-Japan treaty on mutual security and defense continues to be in effect, Japan has no need to and could not develop nuclear weapons. Regarding conventional weapons, however, it will continue to focus on the policy of "raising quality." Along with the detente and reconciliation in U.S.-USSR relations, nuclear threats from the Soviet Union have also been greatly reduced. Military disputes and crises in the Third World appear to have intensified. Forty percent of Japan's exports and 70 percent of its imported raw materials and energy are concentrated in the Third World. To ensure its interests and cope with challenges, Japan will henceforth pay enormous attention to modernization of conventional weapons.

Third, Japan's entire concept of "defense" will undergo a fundamental change.

Regarding the geographical definition of the defensive force, "defense of the land" as stated in the past will be changed to "defense of 1,000 nautical miles."

On the subject of defense, it will be changed from "defense of the national territory" to "defense of the country's interests." In other words, as long as it is Japan's interest, whether it be in Japan or in other countries or regions thousand miles away, it will still be the subject of Japan's defensive force. The real objective for amending this concept concerns the national interests lying "thousand miles away." Will Japan expand its defensive line in the future? Or will it even designate certain important regions (such as Southeast Asia and the Middle East) as Japan's defensive zones? This is entirely possible. Looking at the functions of the defensive force, this will be transformed from the simple military function of "eliminating incoming aggressors" in the past to multi-functions, that is, military intimidation and politicization. It could use its first-class military might to intimidate other countries and also use it to serve its foreign policy, such as sending military personnel to take part in peace enforcement missions by international organizations. The Defense Agency's Director Juro Matsumoto even said the time has come for the Japanese Army to carry out "lightning strikes" against terrorists holding Japanese nationals as hostages. He added the Army may be used to escort ships transporting strategic commodities in and out of Japan.

#### Part Two

HK1710034090 Hong Kong TA KUNG PAO in Chinese  
17 Oct 90 p 3

["Special article" by Mai Tsun (7796 2625): "Whither Japan? (Second and Last Part)"]

[Text] If today's Japan is not an entirely military power yet, then the beginning of the next century will definitely see its emergence as a full military power in East Asia.

The development of a strong military might, however, is a different concept from that of external expansion and



armed aggression. And looking at the current situation, Japan has chosen the former. Nevertheless, an "absolute" conclusion in international relations is always avoided. However, in the foreseeable future, and as far as the direction of national development is concerned, there is little chance of Japan using military means to carry out external aggression and taking the path of militarism.

Looking at the domestic conditions in post-war Japan, its multi-party system in politics, democratic electoral system, and division of power among the executive, legislative, and judicial branches, have stopped extremist and adventurist militarists from assuming power. Reflecting on post-war politics, there have indeed been a few adventurists among the population who demanded a revival of militarism but they have been unable to move into the political stage through the democratic electoral system. And the government leaders of post-war Japan have been comparatively cautious and mature politicians, none of whom are adventurists inclined to extremism. All this shows that the post-war political structure in Japan has been effective in blocking extremist elements from assuming power.

#### **Destruction of Peace Would be Detrimental to Itself**

On economic matters, Japan has been able to reap enormous benefits from the peaceful order reigning in the half century following the war, something which its military aggression was unable to attain before the war. Japan's interest is inseparable from the system of free competition and free trade available under conditions of peace. For Japan, the biggest beneficiary of the peaceful order in the post-war period, destruction of the peaceful order would be tantamount to a destruction of the operational system from which it benefits.

Looking at the international environment at that time [before the war], Japan was the only bright spot in East Asia—Korea had been annexed; Russia was backward and in turmoil; China was divided by foreign powers; and Southeast Asia was impoverished and fractured. The conditions were perfect for Japan to carry out external expansion. But today, with Japan's Self-Defense Force numbering 300,000 men; South Korea's Army 540,000 men; and the DPRK, 750,000 men; and both the Soviet Union and China being nuclear powers, who can Japan gobble up? While the ASEAN is weak, it is a group. Japan has poured a huge amount of money into this area with the objective of "seeing high investment returns." If the flames of war should engulf Southeast Asia, Japan's vested interest would no doubt go up in smoke.

From the end of this century to the start of the next one, military-wise, Japan will primarily continue to break free from the various restrictions and constraints imposed on it as a defeated country and gradually seek to regain the military sovereignty entitled a sovereign state so that the Army and military authority may be placed in their proper place in a country. At the same time, under the slogan of U.S.-Japan cooperation and sharing of U.S.

responsibilities, it will gradually take over part of the United States' military role and responsibilities in the Asia-Pacific region. However, the United States will remain the principal military power in the Asia-Pacific region. In early February this year, President Bush presented the "Department of Defense's Analysis on Security Guarantees in East Asia" to the Congress and maintained that the United States "is the only power capable of ensuring stability in the Asia-Pacific region." Japan's media believed that this U.S. view does not acknowledge the "leading role" played by Japan as the economic power in the region. Quite obviously, the United States will not tolerate Japan taking over its leading role in this region.

After the Meiji restoration, Japan used the excuse of a Russian threat to develop its military strength and formed the Japan-Britain alliance to beat Russia. After Russia's loss to Japan, the Japan-Britain alliance also lost its value. Today, with the Soviet Union and East Europe disintegrating, internal unrest plaguing the USSR, and detente in U.S.-USSR relations, it may be said that the Soviet Union no longer constitutes a threat to Japan. Therefore, there are some people in Japan who have proposed that the time has come to abandon the U.S.-Japan alliance.

#### **Strong Dreams To Become a Power**

The political and diplomatic mainstream faction in Japan, however, maintains that after the disintegration of the Soviet hegemony, the entire world today is dominated by a system spearheaded by the West. Within this system, the United States is the number one power and Japan, number two. Japan would like to transform the old system of "contentious hegemonism between the United States and the Soviet Union" to a system of "joint U.S.-Europe-Japan hegemonism" or even further to a "joint U.S.-Japan hegemonism." In the course of protecting U.S. hegemonism, it will expand Japan's economic interests, strengthen Japan's political role, and safeguard Japan's national security.

Naturally, there are also some professors in Japan who have found inspiration from history and put forth a new theory. They believe that the succession from one hegemonist power to another in world history does not occur between adversaries but between the number one and the number two. For instance, taking over from Britain was not its adversaries, Germany or France, but rather its number two partner—the United States. Hence, the conclusion drawn from this theory is that the successor of the United States as the next hegemonist power will not be its rival the Soviet Union but rather its number two partner—Japan.

Japan has very strong desires to become a great power. It accomplished this in the past through external aggression; in the half century after the war, it did so through trade and finance. Henceforth, it will resolutely endeavour to play the role of a political power. It can now be clearly seen, however, that the world is entering

an era of multipolarity and an era of competition through combined national might. Multipolarity implies that no single nation can claim domination easily, while competition through combined national might would predetermine that countries of little size, meagre resources, and small population are at an absolutely disadvantageous position. Thus is the fate of small-sized states.

### Southeast Asia & Pacific

#### NPC's Liao Hansheng Continues Visit to Thailand

##### Speaks at Banquet

OW2210120490 Beijing XINHUA Domestic Service  
in Chinese 0249 GMT 20 Oct 90

[By reporter Huang Yong (7806 0516)]

[Text] Bangkok, 20 Oct (XINHUA) — Liao Hansheng, vice chairman of the Standing Committee of the National People's Congress [NPC], who is currently on a visit here, said on the evening of 19 October: "The current top priority task is to urge all parties in Cambodia to elect Samdech Norodom Sihanouk as the chairman of the Supreme National Council so that it may operate normally."

Liao Hansheng made this remark at a banquet hosted in his honor by Van Chansue, president of the National Assembly of Thailand.

He said, "At last, people see a ray of hope for the political settlement of the Cambodian issue, which has persisted for more than 10 years, as a result of relentless joint efforts by the United Nations, all parties in Cambodia, and, in particular, Thailand."

He pointed out: "Ties between China and Thailand are a good example of friendly cooperation between two countries with different social systems. At present, the two countries keep expanding their economic cooperation. It is in keeping with the interests and aspirations of the people of China and Thailand and, moreover, conducive to maintaining peace and stability in Asia and in the world."

Addressing the banquet, Van said: A fraternal relationship going back to ancient times exists between Thailand and China. The two countries keep expanding their economic cooperation, especially now, with "the two countries conducting close and highly fruitful cooperation in order to bring about peace in the region while concurrently making important contributions to world peace."

Praman Adireksan, acting prime minister of Thailand, met Vice Chairman Liao Hansheng this afternoon. During the meeting, Praman said: Thailand and China are making very good progress in promoting relations and have achieved many successful results in all areas. He hoped that economic relations and trade between the

two countries will enjoy further expansion and said he was willing to contribute to further strengthening relations between the two countries.

Liao Hansheng arrived in Bangkok to participate in the Third Conference of the Asian Parliamentary Forum on Population and Development, which was held here from 15 to 18 October. He began his tour of Thailand on 19 October.

#### Meets With Thai King

OW2310060690 Beijing XINHUA in English  
1510 GMT 23 Oct 90

[Text] Bangkok, October 22 (XINHUA)—King of Thailand Phumiphon Adunyadet met here today Liao Hansheng, vice chairman of the Standing Committee of the Chinese National People's Congress, and had a cordial and friendly conversation with him.

Leading members of the visiting Chinese delegation led by Liao were also present on the occasion.

During the meeting, the king said that the exchange of visits between Thai and Chinese parliamentarians is of great importance to the enhancement of the close and amicable relations between the two countries.

The king also expressed thanks to the Chinese Government for sending experienced medical personnel as well as medicines to Thailand for treatment of the patients suffering burn injuries in a gas explosion which occurred in Bangkok on September 24.

Vice Chairman Liao said that China and Thailand are kith and kin, and he wished Thailand greater achievements in vitalizing its economy and raising the living standard of its people under the leadership of the king.

#### Wan Li Meets With Thai Delegation

OW1610133990 Beijing XINHUA in English  
1249 GMT 16 Oct 90

[Text] Beijing, October 16 (XINHUA)—Wan Li, chairman of the National People's Congress (NPC) Standing Committee, met here today with a delegation from the League of Foundations of Thailand headed by its honorary President Dr. Sa-ard Piyavan [name as received].

Wan called Piyavan, who has visited China many times, "an old friend of the Chinese people", saying he has contributed to the promotion of the Sino-Thai friendly and cooperative relations.

The NPC leader said that China and Thailand are friendly neighbors and the friendship between the two countries and their peoples are time-honored.

"Although the two countries are different in their social systems, their relations in every aspect have developed very well," he said.



Further strengthening China's friendly and cooperative relations with countries in Southeast Asia will promote stability and development in the region.

He said that the 11th Asian Games has further promoted the friendly relations between countries in Asia and their peoples.

Piyavan said that the 11th Asian Games has won worldwide appraisal.

He also recalled his seven visits to China since 1965 and praised China's current policies, saying that the Thai people feel very pleased with China's achievements in all fields.

Both sides expressed the belief that the bilateral relations in all fields will continue to grow.

Piyavan has been here as guest of Li Yimang, president of the Chinese Association for International Understanding.

#### **Singaporean Prime Minister Stops in Xian 22 Oct**

HK2310072390 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 23 Oct 90

[Text] On their way from Dunhuang to Xiamen, Lee Kuan Yew, prime minister of the Republic of Singapore, and his entourage made a brief stopover in Xian yesterday afternoon [22 October].

When Premier Lee Kuan Yew, accompanied by Lin Zongtang, head of the accompanying group of the Chinese government and minister of the Ministry of Aeronautics and Astronautics Industry, arrived in Xian, he was welcomed and sent off at the airport by Xu Shanlin, vice provincial governor of Shaanxi, (Xie Linchao), acting mayor of Xian city, (Zhang Kairou), director of the provincial Foreign Affairs Office, and others.

Premier Lee Kuan Yew has visited our province twice, and China four times. His current visit is the first visit of the Singaporean Prime Minister to China after official establishment of Sino-Singaporean diplomatic relations.

#### **Vanuatu President Departs Xian for Shanghai**

HK2310044490 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 23 Oct 90

[Text] President of Vanuatu Republic Timakata, his wife, and entourage will end their visit in our province, and leave for Shanghai today [23 Oct].

Yesterday morning, President Timakata, his wife, and entourage, accompanied by Chinese Vice Foreign Minister Liu Huaqiu, visited Hudie Wrist Watch Factory in Xian. They were briefed by factory leaders and technicians. They carefully inspected a wrist watch production line, and inquired about the production.

In the afternoon, President Timakata, his wife, and entourage visited clay figures of Qin Shi Huang warriors

and the Huaqing Pool Hot Springs in Lintong. They praised the greatness and splendor of the age-old Chinese culture. [sentence indistinct]

President Timakata and his entourage will visit Greater Wild Goose Pagoda today.

#### **New Ambassador to Indonesia Interviewed**

HK2210044590 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0945 GMT 16 Oct 90

[Report by staff reporter Li Wei (2621 0251): "Promoting the Long-Term and Steady Development of Friendly Relations Between China and Indonesia With a Realistic Approach—Interview With Qian Yongnian, New Chinese Ambassador to Indonesia"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 16 Oct (ZHONGGUO XINWEN SHE)—Half-way through a two-and-a-half-hour unrestrained talk, Qian Yongnian, the first ambassador to be dispatched by China to Jakarta after the resumption of diplomatic relations between China and Indonesia, had given me a distinct impression: A pragmatist.

This was not only because he had recounted his experience of having diligently engaged in practical work for more than 30 years in a diplomatic career and his style of "working with all his might" and "handling things in a down-to-earth manner," but also because he already had preliminary considerations in various aspects with respect to the work he is about to start as an ambassador.

The 57-year-old ambassador, who is setting out to take up the new post in a few days, spoke with absorbing interest about his plans: As he has not yet taken up his post, he does not fully understand some conditions, so that it is very difficult to be concrete about his future work. But one thing is quite clear-cut: My basic mission is to promote the long-term steady development of friendly, cooperative relations between China and Indonesia, based upon the agreement on restoring diplomatic relations signed between the two governments, the mutual understanding reached between leaders of the two countries, the five principles of peaceful coexistence, and the 10 principles of the Bandung Conference.

"Many things need to be done to fulfill this mission. I can only do it step by step. In my view, though the ties of friendship between the two countries that were broken for a time have been renewed, after a suspension of diplomatic relations for 23 years, there is, after all, a lack of true understanding about each other's developments and changes. Accordingly, one important aspect of my work is to promote mutual understanding. There are many ways to promote mutual understanding, one important way being friendly exchanges, particularly mutual visits and direct contacts between leaders of the two countries and high-ranking government officials. I will exert my efforts to this end during my term of office."

Sipping a cup of tea, he continued: "Developing economic and trade relations on the basis of equality and mutual benefit is the foundation for strengthening friendly relations between the two countries. Actively promoting the development of economic and trade relations between the two countries will be my particular concern in my work."

He said: There are quite favorable conditions for developing economic and trade relations between the two countries. For example: Both countries have a large population, rich resources, and a huge market; both are striving for economic construction and implementing the policy of opening up to outside world; both countries have a lot of products for exchange, and so can complement each other to a great extent. Indonesia has crude oil, chemical fertilizers, timber, rubber, and plywood, while China has coal, metals, machinery, and feed. They are all needed and welcomed by the other party. The volume of bilateral trade reached over \$800 million last year and over \$600 million for the first seven months of this year, and is estimated to reach \$1 billion this year in all likelihood.

Speaking of foreign nationals of Chinese origin and Overseas Chinese, Qian Yongnian said: "Indonesia has a few million Indonesian citizens of Chinese descent and a considerable number of Overseas Chinese. It is gratifying to know that the dual nationality issue has been satisfactorily resolved. The Chinese Government has explicitly announced: Nationals of Chinese origin who have joined or acquired Indonesian nationality become Indonesian citizens and are no longer Chinese citizens. China has no intention of taking advantage of their services in the interests of China. I will faithfully implement this policy. As regards Overseas Chinese, I will require of them to abide by Indonesian laws and decrees, respect the local people's customs and habits and get along in a friendly manner with the local people. At the same time, I will also strive to protect their just, legitimate interests."

Qian Yongnian also stated: In recent years, the two countries have been holding frequent consultations on solving Asian regional issues and dealing with major international issues and conducting fruitful cooperation. He hopes to maintain continuous close contact with the Indonesian side on these issues after taking up the appointment.

A native of Suzhou and a fluent English speaker, Qian Yongnian is at present one of the few Chinese ministerial-level ambassadors stationed abroad. This cannot but be regarded as China's manifestation of attaching importance to the relationship between China and Indonesia. When asked about his feelings on taking up the new post, he showed his joy and heavy sense of responsibility by answering with a smile: "I feel quite happy and honored but, at the same time, I am also conscious of the weight of this work."

"What is your estimate of the development prospects of the relations between the two countries?" I asked.

"The prospects are very broad and encouraging. I have full confidence in this."

Qian Yongnian also listed a few reasons after giving this reply. First, both are large Asian countries. Working hard to develop their own countries and strengthen friendly, cooperative relations between both sides will be of great significance to maintaining peace and stability in the Asia-Pacific region and even in the rest of the world. This has become a mutual understanding between the two parties. Second, the two countries have a history of friendly contacts for a dozen centuries or so. Deep traditional friendship extensively exists in the hearts of the peoples of the two countries. Third, upon resumption of diplomatic relations, leaders of the two countries have promptly started direct contacts, creating quite favorable conditions for the development of relations. Fourth, there is great potential in developing economic and trade relations. Continued expansion of economic and trade relations will lead to the consolidation and reinforcement of friendly, cooperative relations between the two countries.

Qian Yongnian was assigned to work in the Ministry of Foreign Affairs after graduation from the Beijing Institute of Foreign Languages in 1952. In his 38-year diplomatic career, he has worked at China's foreign embassies for 24 years, first at embassies in Pakistan and Poland and then at the permanent mission to the United Nations and the embassy in the U.S. in recent years. In the summer of 1988, he was relieved of his duties as envoy at the embassy in the U.S. and returned home to take up the post of director of the Office of Foreign Affairs under the State Council. He participated in all negotiations in the Sino-U.S. ministerial-level talks held in Warsaw from 1964 to 1970, served as interpreter for leaders and high-ranking government officials on many occasions, and visited over 20 countries with Chinese leaders or delegations, including two visits to Indonesia in the early 1960's.

Qian Yongnian maintained that he has no special hobbies in his spare time. But, from what I heard from other sources, he likes Beijing opera and storytelling and ballad-singing in the Suzhou dialect. He loves reading, particularly Chinese and foreign classical masterpieces and international political books and periodicals.

#### **Sino-Australian Chicken Raising Project Complete**

*OW1910023590 Beijing XINHUA in English  
0859 GMT 18 Oct 90*

[Text] Harbin, October 18 (XINHUA)—The construction of a SPF [expansion unknown] chicken raising facility jointly undertaken by China and Australia was recently completed in the Harbin Veterinary Institute, Heilongjiang Province, northeast China.

A ceremony held to mark the completion of the project was attended by Chinese Vice-Minister of Agriculture Liu Jiang, and Australian Ambassador to China David Sadleir.

The SPF chicken raising facility was built according to an agreement signed in 1981 between the governments of the two countries to enhance scientific and technological cooperation.

Construction of the facility, which includes a 1,000-square-meter SPF chicken raising room, two laboratories, and a feed workshop began in 1988.

The Australian side provided the facility with 150 pieces of equipment and related instruments.

SPF is a kind of pathogen which is an important part in life science research of disease prevention and treatment for animals.

Ma Siqi, director of the Harbin Veterinary Institute, said that the new facility means that China now has the basic world standard materials for the research of life science.

The facility has the capacity to raise 700 SPF chickens with an annual egg production of more than 50,000.

#### **Sino-Australian Officials at Plant Opening**

OW1910035090 Beijing XINHUA in English  
1615 GMT 18 Oct 90

[Text] Shenzhen, October 18 (XINHUA)—The Shenzhen Olex Cable Plant, a Sino-Australian joint venture, began official production today in the Shenzhen Special Economic Zone in south China's Guangdong Province.

The plant is a joint venture between Pacific Dunlop Ltd of Australia, and the Shenzhen Science and Industry Park Corporation and the China National Posts and Telecommunication Appliances Corporation. Construction of the plant, which covers an area of 20,000 sq m, cost 21 million U.S. dollars.

The plant has a designed production capacity of 500,000 km of cables annually.

Operation of the plant will not only save China a large sum of foreign exchange for the import of cables but will also make it possible for China to export cables.

So far Australia has built 40 projects in China, with a total investment of 300 million Australian dollars.

Meanwhile, China has opened 80 joint ventures and solely China-funded corporations in Australia.

The trade volume between the two countries was valued at 2.5 million Australian dollars-worth last year and is expected to reach three million Australian dollars-worth this year.

Among those attending the opening ceremony were Li Hao, secretary of the Shenzhen Municipal Committee of the Chinese Communist Party of China and Robin R.

Dulfer-Hyams, commercial minister and senior trade commissioner of the Australian Embassy in Beijing.

#### **Near East & South Asia**

##### **News Organization Exchanges With Israel**

HK2310015190 Hong Kong SOUTH CHINA  
MORNING POST in English 23 Oct 90 p 12

[By Yehonathan Tommer in Jerusalem]

[Text] The Chinese Foreign Minister, Mr Qian Qichen, and his Israeli counterpart are to finalize details of the exchange of government-run news organizations in the two countries at a meeting in New York next month.

The "practical modalities" of the exchange, now at an advanced stage of negotiations, are expected to be decided when Mr Qian meets the Director-General of the Israeli Foreign Ministry, Mr Reuven Merhav, and Israel's new Ambassador to the United Nations, Mr Yoram Aridor.

The two foreign ministers agreed two weeks ago in New York that the New China News Agency should set up an office in Tel Aviv and Israel's State Broadcasting Authority Kol Israel would station a resident radio journalist in Beijing later next year.

Mr Merhav said both sides should reassess and reevaluate Sino-Israeli ties in the wake of the Gulf crisis.

"We regard Beijing's unambiguous decision to join the international community's sanctions against Iraq as a natural enactment of her responsibilities as a permanent member of the United Nations Security Council."

A former Israeli consul-general in Hong Kong, Mr Merhav said Sino-Israeli relations had significantly improved.

##### **Kuwaiti Amir To Visit Security Council Capitals**

OW2010211190 Beijing XINHUA in English  
1508 GMT 20 Oct 90

[Text] Cairo, October 20 (XINHUA)—The Kuwaiti amir, Shaykh Jabir al-Ahmad al-Sabah, plans to visit the capitals of the five permanent members of the U.N. Security Council to discuss ways of ending Iraqi occupation of his Gulf emirate.

According to Kuwaiti radio today, the amir is leaving Sunday for Paris on the first leg of his tour, and then he will fly to London. He is scheduled to have talks with French President Francois Mitterrand on Monday.

Shaykh Al-Jabir currently is living in exile in Saudi Arabia, along with members of his government. The radio implied that he will return to his Saudi base before setting out for Moscow and Beijing.



The amir has already visited the United States to address the U.N. General Assembly and to hold talks with American officials.

### **Chinese Food Festival Opens in Sri Lanka**

*OW2110082490 Beijing XINHUA in English  
0631 GMT 21 Oct 90*

[Text] Colombo, Oct 21 (XINHUA)—A Chinese food festival opened at the five-star Lanka Oberoi Hotel here Saturday evening.

The festival will last until October 28.

The main objective of the festival was to introduce China to Sri Lankans and other foreign visitors through its delicious food and tea.

A succession of 20 different dishes prepared in different ways of the Chinese cooking was served at the festival to the welcome of over 100 Sri Lankans and foreign visitors. The dishes were prepared by five Chinese chefs from Anhui Province of China.

The festival, the first of its kind in Sri Lanka, was sponsored by the Lanka Oberoi Hotel with assistance from the Cultural Office of the Chinese Embassy here and the China Anhui Corporation.

## **Sub-Saharan Africa**

### **Qian Qichen, OAU Leader on African Situation**

*OW2310010090 Beijing XINHUA in English  
1449 GMT 22 Oct 90*

[Text] Beijing, October 22 (XINHUA)—Chinese Foreign Minister Qian Qichen and Salim Ahmed Salim, secretary general of the Organization of African Unity, spent nearly two hours discussing international issues, the situation in Africa in particular, this afternoon.

Salim arrived here early this morning on an official and goodwill visit at the invitation of the Chinese Government.

According to a Chinese Foreign Ministry official, Qian and Salim were "basically in agreement" or held "similar views" on the issues they discussed.

After hearing a briefing on South Africa by Salim, Qian welcomed "the positive developments" in that country.

Qian reaffirmed China's support for the efforts to work out a political settlement of the problems in South Africa through the OAU, the African National Congress of South Africa and other national liberation organizations.

Reiterating China's support for the international community's pressure on and economic sanctions against South Africa, Qian urged the South African authorities to follow the historical trend, eradicate racial segregation and, together with the national liberation organizations,

build a new, united and democratic South Africa with all races equality. [sentence as received]

Discussing Sino-African relations, Salim described China as the African peoples' "good friend." The African countries will work for more effective cooperation with China, he added.

Qian said that in today's complicated and rapidly-changing international situation, China and African countries should continue their work for increased cooperation and political consult. China will also give as much assistance and economic support as possible to African countries.

He said that the Chinese Government and people hope that the African countries will retain stability, adding that China supports the African countries' efforts for regional cooperation and economic unity.

Salim reaffirmed the OAU and the African countries' "one China policy," saying that they have all along attached importance to China's role in international affairs.

After the talks, Qian hosted a dinner in honor of Salim and his party.

### **CPC Leader Song Ping Meets Somali Visitors**

*OW2210121290 Beijing XINHUA in English  
1124 GMT 22 Oct 90*

[Text] Beijing, Oct 22 (XINHUA)—Song Ping, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee met here today with a delegation from the Somali Revolutionary Socialist Party (SRSP), which is headed by Saleh Mohamed Ali, director of the Foreign Affairs Bureau and a member of the SRSP Central Committee.

During the meeting, Song and Ali exchanged views on international issues of mutual concern, according to an official of the International Liaison Department of the CPC Central Committee.

Song expressed satisfaction with the expansion of relations between CPC and SRSP in recent years.

### **Women's Federation Hosts Ethiopian Group**

*OW2210133190 Beijing XINHUA in English  
1120 GMT 22 Oct 90*

[Text] Beijing, October 22 (XINHUA)—Lin Liyun, vice president of the All-China Women's Federation, met and hosted a dinner for a women's delegation from Ethiopia.

The delegation is led by Truwork Wakyo, head of the women's affairs of the Central Committee for the Workers' Party of Ethiopia.

They had a friendly conversation and expressed hope for promoting understanding and friendship between the women of the two nations and between the women's organizations.

### West Europe

#### EC Agreement To Lift Sanctions Reported

OW2210223090 Beijing XINHUA in English  
1903 GMT 22 Oct 90

[Text] Luxembourg, October 22 (XINHUA)—European foreign ministers today agreed to lift sanctions against China.

The decision was passed at an EC meeting of foreign ministers which opened today in Luxembourg.

The community imposed a series of political and economic sanctions against China more than a year ago following the June event in Beijing. The sanctions included the suspension of high-level contacts, a reduction in cultural, scientific and technical cooperation, and opposition to credits from the World Bank, as well as the arms embargo and an end to military cooperation.

EC diplomats say China's support for the Western campaign to force Iraq out of Kuwait is an important factor in the decision.

The ministers have also agreed to lift sanctions against Iran but Britain blocked moves to do the same for Syria, imposed in 1986 after Damascus was implicated in an abortive attempt to blow up an Israeli airliner in London.

EC sources say the factor affecting the decision on Syria was the situation in Lebanon, where Syrian forces have occupied the Christian sector of Beirut.

The sanctions against Iran were imposed after the late Ayatollah Khomeini's order on a death sentence on British author Salman Rushdie for his novel "The Satanic Verses."

#### EC Decides To Maintain Arms Sale Ban

OW2510022690 Beijing XINHUA in English  
0152 GMT 23 Oct 90

[Text] Luxembourg, October 22 (XINHUA)—European Community foreign ministers decided Monday to immediately resume political, economic and cultural relations with China after a year of sanctions against it.

The decision was made by the foreign ministers at the conference on political cooperation.

De Michelis, president of European Council of Foreign Ministers, told reporters after the conference that EC would resume high-level talks with the Chinese Government and gradually resume economic cooperation with China.

However, he ruled out military cooperation with the Asian country, saying a ban on arms sales to Beijing would remain in force.

EC foreign ministers also agreed to lift sanctions on Iran and geared up political relations with Vietnam.

#### Yang Shangkun Appoints New Ambassador to France

OW2010145890 Beijing XINHUA Domestic Service  
in Chinese 0859 GMT 20 Oct 90

[Text] Beijing, 20 Oct (XINHUA)—President of the People's Republic of China Yang Shangkun, in accordance with the decision of the National People's Congress Standing Committee, appointed and removed the following ambassadors:

Removed Zhou Jue as ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of France.

Appointed Cai Fangbo as ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of France.

#### Zhu Rongji Meets German Students' Delegation

OW2010051590 Shanghai Voice of Pujiang  
in Mandarin to Taiwan 1000 GMT 18 Oct 90

[Text] Shanghai Mayor Zhu Rongji yesterday met with a middle school students' delegation led by the principal of (Keistianalmo) Senior Middle School of Liberal Arts from Hamburg City. Since Shanghai and Hamburg established friendship ties in 1986, middle school students of the two cities have exchanged friendly visits and contacts for many years.

The middle school students' delegation from Hamburg will spend 15 days visiting and studying in Shanghai. Mayor Zhu Rongji held cordial and friendly conversation with all the members of the delegation.

#### Zhu Rongji Welcomes German Economic Delegation

OW2110002590 Shanghai City Service in Mandarin  
2300 GMT 18 Oct 90

[From the "Morning News" program]

[Text] According to a JIEFANG R. BAO report, Shanghai Mayor Zhu Rongji and Vice Mayor Huang Ju yesterday evening met with a 12-member Hamburg state economic delegation of Germany, led by (Larfus), its economic minister.

Zhu Rongji welcomed the German visitors and briefed them on Shanghai's economic development plan and investment environment. Huang Ju presented the Pudong development project and its progress.

(Larfus) said that the exchanges between the two friendly cities of Shanghai and Hamburg should be promoted further.

The German guests arrived in Shanghai from Hong Kong on the afternoon of 17 October. Yesterday, they were briefed on Shanghai's economy, trade, and investment.

### Latin America & Caribbean

#### Reportage on Colombian Defense Minister's Visit

##### Visit Planned 21-26 Oct

OW2010185390 Beijing XINHUA in English  
1553 GMT 20 Oct 90

[Text] Bogota, October 20 (XINHUA)—Colombia's Defense Minister Oscar Botero Restrepo left here for Beijing Friday for a week-long official visit to China.

Accompanying Botero Restrepo is the commander of the military forces, Luis Eduardo Rocca, and Zhang Shaying, the internal charge d'affaires from China's Embassy in Colombia.

During their stay in China from October 21 to 26, the Colombian delegation is scheduled to meet with China's President Yang Shangkun, Defense Minister Qin Jiwei, as well as other civilian and military officials.

The delegation will also tour the cities of Beijing, Nanjing, Shanghai and Guangzhou.

##### Dinner Hosted by Qin Jiwei

OW2210141690 Beijing XINHUA in English  
1321 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Gen. Qin Jiwei, Chinese state councilor and minister of national defence, met and hosted a dinner for Gen. Oscar Botero Restrepo, minister of national defence of Colombia, and his party.

Attending the meeting and the banquet was Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army.

Gen. Qin held a welcoming ceremony for Botero and his party and had talks with him this morning.

The Colombian visitors arrived here yesterday on a visit to China at the invitation of Minister Qin.

#### Talks With Yang Shangkun

OW2310092590 Beijing XINHUA in English  
0849 GMT 23 Oct 90

[Text] Beijing, Oct 23 (XINHUA)—Chinese President Yang Shangkun met Defense Minister of Colombia General Oscar Botero Restrepo here today.

Yang told Restrepo that China holds a positive attitude toward developing relations between the two countries and their armed forces, according to Chinese Defense Ministry sources.

Both sides expressed satisfaction with the smooth development of relations between the two countries and their armed forces in recent years and expressed the hope for maintaining such friendly relations.

Chinese Defense Minister General Qin Jiwei attended the meeting.

#### Meets Chi Haotian

OW2310123790 Beijing XINHUA in English  
1211 GMT 23 Oct 90

[Text] Beijing, Oct 23 (XINHUA)—General Chi Haotian, chief of General Staff of the Chinese People's Liberation Army, met General Oscar Botero Restrepo, defense minister of Colombia, here this evening.

Chi said the two peoples and two armies enjoy a profound friendship and he expressed his belief that Restrepo's visit to China will promote such friendship.

After the meeting, Chi hosted a banquet in honor of Restrepo, who is scheduled to leave Beijing tomorrow for Nanjing, Shanghai, Guangzhou and Shenzhen in south China.

#### CPC's Song Ping Meets Colombian Visitors

OW2210125090 Beijing XINHUA in English  
1116 GMT 22 Oct 90

[Text] Beijing, Oct 22 (XINHUA)—Song Ping, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met here today with a group of congressmen from the Liberal Party of Colombia, which is headed by Humberto Valencia, a member of the House of Representatives.

Song briefed the visitors on China's domestic situation.

Valencia spoke highly of China's reform and open policy. He invited a CPC delegation to visit his country, so as to further the relations between the two parties and countries.



### Political & Social

#### Official Denies Release of Democracy Activists

HK2310023190 Hong Kong TA KUNG PAO in Chinese  
23 Oct 90 p 2

["Special Dispatch": "NPC Press Spokesman on Release of Democracy Activists"]

[Text] Beijing, 22 Oct (TA KUNG PAO)—A National People's Congress (NPC) spokesman said today that he was not aware of a report that those who were detained following the "Beijing incident" would be released after the Asian Games.

At the press briefing held today reporters asked the following questions: At the last press briefing former spokesman Zhang Husheng indicated that by last June a total of 355 people involved in last year's Beijing incident had been imprisoned. What is the figure at present? According to a foreign news agency, Vice Premier Wu Xueqian's son has been released. Is that true?

NPC Standing Committee General Office spokesman Zhou Chengkui replied: I have nothing to add to Mr Zhang Husheng's remarks. I have heard the news you mentioned and I have nothing to add. He also indicated that he had not heard the news that a number of people would be released after the Asian Games.

#### Qiao Shi Promises Continuing Crackdown on Crime

OW2210113790 Beijing XINHUA in English  
0835 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—China will continue the crackdown on crime in an attempt to further control serious criminal offenses and improve public security.

Qiao Shi, a Standing Committee member of the Chinese Communist Party's Political Bureau, made the announcement at a national conference here this morning.

The crackdown effort will focus on serious criminal cases, criminal rings and criminals on the run, Qiao said, stressing that it is necessary to deal with criminal cases strictly in accordance with the law.

Participants in the meeting were told that since May this year a number of criminal rings, which had been running wild for a time, have been destroyed.

Increased efforts have weakened the criminals, improved the public order, reduced crime rates in some areas and created a stronger sense of security among the people, Ren Jianxin, president of the Supreme People's Court, said at the meeting.

Qiao, who presided over the meeting, urged local authorities to continue concentrating on the crackdown and to spare no effort to prevent crimes from happening and the "six evils" from making a comeback. The "six evils" are

prostitution, pornography, abducting women and children, taking and trafficking in drugs, gambling and superstition.

#### Political Bureau Member Li Tieying in Hubei

HK2210123790 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 20 Oct 90

[Text] From 11 October to 18 October, Li Tieying, member of the Political Bureau of the CPC Central Committee and State Councillor, inspected our province. He mainly inspected the snail fever prevention and education work.

During his stay in Wuhan, Li Tieying held talks with Guan Guangfu, Guo Shuyan, Qian Yunlu, and other responsible persons of the provincial party committee and the provincial government. Hubei Provincial Party Committee Deputy Secretary Qian Yunlu accompanied him during his inspection.

Comrade Li Tieying went first to the rural areas and factories in northwestern Hubei and then to the snail fever-affected areas on the Jiangnan Plain. There he held wide-ranging cordial talks with cadres, workers, peasants, teachers, students, and medical personnel. He fully affirmed the great achievements scored by Hubei Province in all types of work since the third plenary session of the 11th party Central Committee.

During his inspection, he pointed out: The country needs stability; the people and masses need stability; socialism building needs stability. In order to make the country strong and the people prosperous, it is necessary to maintain stability. Without political, economic, and social stability, no undertaking could be built.

He said: Our improvement and rectification work has achieved tangible results. The national economy is developing in a fine orientation. Nevertheless, we should, in the meantime, see some in-depth problems in our economic life and the new contradictions that have emerged in the process of improvement and rectification, which should be tackled in a proper manner. In order to tackle these problems and contradictions, it is necessary to adhere to the party's basic line, maintain national stability, and maintain stability and continuity of the basic policies so as to promote a sustained, steady, and coordinated development of the national economy.

When speaking of the question of education, Comrade Li Tieying repeatedly stressed: Education has an important bearing on the future of the socialist modernization building. Party and government leaders and organs at all levels must grasp education as a strategic task. Schools at all levels and of all types must adhere to the socialist orientation in their operation and place ethical education above everything else in their work.

He said: The cause of our communists is the greatest cause in the history of mankind. The realization of the

lofty ideal of communism requires the training of generation after generation of firm-willed and reliable successors who are brave and willing to devote their lives to the socialist cause. It is necessary to occupy the education front with Marxism, Leninism, and Mao Zedong Thought, and help the students cultivate a proletarian world outlook and the mentality of serving socialism and the people. In order to achieve all these, it is necessary to establish the party's leading position in schools, comprehensively strengthen party building in schools, pay special attention to the building of leading bodies in schools, especially in institutions of higher learning, select and promote those comrades who adhere to the four cardinal principles, have withstood tests in political struggles, and have both ability and political integrity to leading bodies, train a contingent of teachers who adhere to the socialist orientation in running schools, have a firm political stand and a fine moral character, and are "Red and Expert."

In spite of the rain, Comrade Li Tieying went to Jiangling County and Jianli County to inspect snail fever prevention and snail extinction situation on the spot, visited peasant households, and went to see and extend regards to the patients suffering from snail fever.

He said with deep feeling: The snail fever prevention work is a struggle between human beings and the worm. Party and government leaders at all levels in the snail fever affected areas must regard doing snail fever prevention work well as a matter of great importance to strengthening the blood-flesh relationship between party and government on the one hand, and the people and masses on the other, and grasp it as a matter of great importance to developing the superiority of socialism. It is necessary to continue to work with real feeling, strengthen leadership, formulate forceful measures, launch a large-scale campaign, systematize and standardize the snail fever prevention work, carry out comprehensive snail fever prevention, especially strengthen the work of raising funds in this regard, and mobilize the enthusiasm of both the central and local authorities and the enthusiasm of the people and masses with a view to mobilizing tens of thousands of people to send off the gold of plague.

At the Snail Fever Prevention Center of Jiangling County, Comrade Li Tieying held the hands of the medical and nursing personnel and said: Thank you for your diligent work aimed at protecting the health of people and masses.

When visiting some primary and secondary schools in Jiangling County and Honghu County, Li Tieying went into the classrooms and asked about the students' snail fever prevention knowledge. He said: Schools in the affected areas should teach snail fever prevention knowledge to students beginning from primary school Grade I and popularize the knowledge so as to enable both adults and children in the affected areas to become fighters combating snail fever.

During his inspection, Li Tieying also visited the Western Hunan-Hubei Soviet Area Revolutionary History Museum and respectfully laid a wreath at the tomb of revolutionary martyrs.

The college work committee of the provincial party committee and the provincial education commission reported the provincial education situation and the party building situation in colleges to Li Tieying.

### Li Tieying at Traditional Medicine Ceremony

OW2010200490 Beijing XINHUA in English  
1631 GMT 20 Oct 90

[Text] Beijing, October 20 (XINHUA)—Five hundred veterans of traditional Chinese medicine took on apprentices at a ceremony held here today.

Faced with the challenge of carrying on the tradition of Chinese medicine, the State Administration of Chinese Medicine, supported by the Ministry of Public Health and the Ministry of Labor and Personnel, organized the activity.

The administration selected 500 experienced doctors and pharmacists of Chinese medicine, whose ages range from 60 to nearly 90, from hospitals, colleges and research units all over the country and provided them with one or two medically qualified assistants each.

State Councilor Li Tieying said at the ceremony that Chinese medicine is a Chinese contribution to the world and it is "our historical responsibility to promote it".

According to him, the state has adopted a number of policies to protect and support the development of Chinese medicine since the foundation of New China in 1949, especially in the past decade.

### Tian Jiyun Inspects Hebei Cotton Production

SK2010030290 Shijiazhuang HEBEI RIBAO  
in Chinese 12 Sep 90 p 1

[Text] On 11 September, Tian Jiyun, member of the Political Bureau under the CPC Central Committee and vice premier of the State Council, accompanied by Zhang Runshen, vice governor of Hebei Province, conducted his inspection work in Hengshui Prefecture.

At about 1100, Tian Jiyun came to the Zhaoxiangtun village of Weitun township in Jixian County to visit the household of Wu Guangpu who is noted for his achievements in cultivating cotton crops.

Wu Guangpu, age 28, signed a farming contract with the village authorities after returning to his hometown in 1987. He has invested 100,000 yuan in cultivating cotton crops. In viewing the cotton fields, Vice Premier Tian Jiyun with great interest asked Wu Guangpu about how much cotton-crop farmland he had worked and kind of cotton seed used. Wu Guangpu answered the questions one by one.

When he found upon departing the cotton field that Wu Guangpu this year will sell his 50,000-ton cotton harvest to the state and become the key household outstanding in selling harvest to the state, Vice Premier Tian Jiyun said encouragingly while cordially patting his shoulder: "Young fellow, you should make more contributions to the state."

In the afternoon, Vice Premier Tian Jiyun heard the work reports given by the Hengshui prefectural party committee and the prefectural administrative commission and praised the practice conducted by the prefectural party committee and administrative commission on regarding 1990 as a year in which they have concentrated on cultivating cotton crops and their measures to make a success in cotton production and procurement. He said: "Hengshui Prefecture has a bright future because it has obtained fixed targets and had work measures, enthusiasm, and confidence." He then directed: "In cultivating cotton crops, we should study long-term plans and adopt measures to realize high and stable yields. I am convinced that peasants are enthusiastic to do so in this regard and in cultivating cotton crops, attention also should be paid to dealing well with the relationship between the state and peasants, between grains and cotton production, between the state and localities, and between large and small cotton mills."

**Further on Leaders Attending Marshal Xu Funeral**  
OW1910024490 Beijing XINHUA Domestic Service  
in Chinese 1028 GMT 18 Oct 90

[Excerpts] Beijing, 18 Oct (XINHUA)—This morning, party, government, and Army leaders escorted the remains of Comrade Xu Xiangqian, a great proletarian revolutionary and military strategist, to Babaoshan for cremation.

In an expression of mourning, flags were flown at half mast at Tiananmen Square, Xinhua Gate, and the Foreign Ministry today. [passage omitted]

At 1000, leading Comrades Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Peng Zhen, Qiao Shi, Yao Yilin, Song Ping, Li Ruihuan, Qin Jiwei, Bo Yibo, Liu Huaqing, Yang Baibing, Wen Jiabao, Wang Renzhong, Chi Haotian, and Zhao Nanqi bid farewell to Marshal Xu by walking slowly into the auditorium accompanied by mourning music. They made three bows to Marshal Xu's remains and expressed sympathy with Mrs. Xu and other members of the bereaved family. [passage omitted]

Comrades Song Ping, Yang Baibing, Wen Jiabao, Chi Haotian, and Zhao Nanqi escorted the hearse to Babaoshan. [passage omitted]

**Central Leaders Write Inscriptions for Book**  
SK2210104090 Hohhot NEIMENGGU RIBAO  
in Chinese 13 Sep 90 p 1

[By Hao Guishen (6787 6311 3947): "'Forty Years in Inner Mongolia's Broadcasting' Published"]

[Text] The book "Forty Years in Inner Mongolia's Broadcasting" has been published and distributed by the Inner Mongolia People's Printing House.

Xi Zhongxun, vice chairman of the National People's Congress Standing Committee; Ismail Amat, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and minister in charge of the State Nationalities Affairs Commission; Wang Qun, secretary of the Inner Mongolia Autonomous Regional party committee; and Bu He, chairman of the Inner Mongolia Autonomous Region, wrote inscriptions for this book.

This book contains academic research on broadcast, review of the broadcasting history, summarization of experiences and introduction of major programs. Articles included in this book were written by experts and scholars from the broadcasting front of our region and some persons from the press circles. The book has full, accurate and colorful content and its articles and pictures are excellent.

**National Congress of Young Pioneers Ends**  
OW1910185190 Beijing XINHUA Domestic Service  
in Chinese 1414 GMT 17 Oct 90

[By reporters Zhang Sutang (1728 1372 1016) and Hu Xiaomeng (5170 0879 1125)]

[Text] Beijing, 17 Oct (XINHUA)—The five-day National Congress of China's Young Pioneers ended here today.

The meeting called upon all members of the Young Pioneers to respond to the call of the party Central Committee to learn from Lai Ning, be good children of the party and the people in their childhood, and become successors to the socialist cause when they grow up. All those who are in charge of Young Pioneers' work should have a farsighted vision, strong determination, and down-to-earth workstyle, and work hard in a concrete way to bring up successors to the socialist cause.

At the first plenary session of the National Young Pioneers' Working Committee this afternoon, the participants discussed a three-year plan for launching further activities to emulate Lai Ning. The plan says that activities to emulate Lai Ning are presently a key project for training the Young Pioneers to become successors to the cause of socialism. Through large-scale educational activities to emulate Lai Ning over a period of three years, we should guide members of the Young Pioneers throughout the country to hold up the banner of Lai Ning like the banner of Lei Feng, emulate the exemplary behavior and heroic deeds of Lai Ning, and love the motherland, the people, science, and socialism in the same manner as Lai Ning.

At the meeting, the National Working Committee of the Young Pioneers separately commended 50 collectives of outstanding Young Pioneers and 122 advanced units in



learning from Lai Ning throughout the country. The Central Committee of the Communist Youth League [CYL] and the State Education Commission also commended 100 outstanding instructors in the country. Liu Yandong, permanent member of the Secretariat of the CYL Central Committee, spoke at the closing ceremony on behalf of the Secretariat of the CYL Central Committee.

### **Jiang Chunyun Meets With Shaanxi Delegation**

*SK2210013790 Jinan Shandong Provincial Service in Mandarin 2300 GMT 20 Oct 90*

[Text] On the morning of 20 October, Jiang Chunyun, secretary of the provincial party committee, Ma Zhongchen, deputy secretary of the provincial party committee, and Ma Zhongcai, member of the Standing Committee of the provincial party committee, went to the hotel to visit all members of the Shaanxi Provincial Observation group led by Bai Qingcai, deputy secretary of the Shaanxi Provincial party committee and provincial governor, and held cordial talks with the guests from Shaanxi.

Jiang Chunyun extended a warm welcome to the Shaanxi Provincial observation group for coming to Shandong Province to pass on its valuable experience. He said: Shandong and Shaanxi provinces have their own advantages and characteristics with very great prospects for exchange and cooperation. Strengthening exchange and cooperation between the two provinces is favorable for both sides so they can learn from each others' strong points and offset one's weaknesses to achieve common development. Jiang Chunyun expressed the hope that through this visit, the economic and technological exchange and cooperation between Shandong and Shaanxi Provinces will be further promoted.

Governor Bai Qingcai thanked Secretary Jiang Chunyun's welcome and expressed that he would study Shandong's experience and strengthen exchange and cooperation between the two provinces in an effort to promote common development.

### **Jiangsu Leaders Meet Minorities Delegation**

*OW1910182890 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 16 Oct 90*

[Text] A 194-member delegation of minority nationalities from border counties throughout the country led by Wen Jing, vice minister of the State Nationalities Affairs Commission, arrived in Nanjing by train from Tianjin on the morning of 15 October. The delegation members come from 143 counties and banners, the People's Liberation Army, and the armed police corps of 13 provinces and autonomous regions throughout China; they consist of 32 nationalities, including Mongolian, Tibetan, Korean, Manchu, Hezhen, Oroqen, Miao, Yao, Hani, Lisu, Monba, Naxi, Uygur, and Kazak.

Welcoming the delegation at the railway station were Gao Dezheng, member of the provincial party committee standing committee and vice governor; (Jin Suohong), member of the Nanjing city party committee standing committee and vice mayor; and responsible comrades of the relevant provincial and city authorities.

Shen Daren, secretary of the provincial party committee; Chen Huanyou, governor; Dai Shunzhi, secretary of the Nanjing city party committee; Wang Rongbing, mayor; as well as Zhang Yaohua, Chen Suiheng, and other responsible persons of the provincial and city people's congresses and committees of the Chinese People's Political Consultative Conference called on all the delegation members this afternoon.

During its stay in Nanjing, the delegation visited the Yuhuatai Revolutionary Martyrs Tomb, the Meiyuan New Village Memorial Hall, and the memorial hall dedicated to the slain compatriots of the Nanjing massacre during the Japanese invasion of China. It also toured scenic resorts in the eastern suburbs.

The delegation will leave Nanjing by train for Suzhou and other places on the morning of 17 October.

### **Popularity of Village Elections Reported**

*HK2210025290 Beijing CHINA DAILY in English 22 Oct 90 p 1*

[By staff reporter Wang Rong]

[Text] More Chinese farmers have become familiar with the idea of electing representatives to their local legislatures thanks to a two-year-old law which aims to promote democracy at the grass-roots level.

The officials working on grassroots legislative elections say that by the end of last year nearly 1,100 out of China's 2,800 counties had set up villagers' committees according to the law.

Nearly half of China's 27 provinces were now actively promoting self-government for villages by such committees, the officials say.

According to Li Xueju, the director of the Department of Grassroots Government of the Ministry of Civil Affairs, the law was drafted in response to the drastic economic changes that have taken place in the countryside over the past 10 years.

He said it enabled farmers to become self-sufficient in areas of administration, education and service.

Another ministry official, Wang Zhenyao, said, "Self-governing by elected village committees creates a harmonious relationship between the masses and officials."

He said the committees gave farmers a say in the management of their economic interests.

Villagers were encouraged to take an active role in the election process. People could nominate themselves or

be nominated by others, and in some villages in Fujian, Heilongjiang and Liaoning Provinces, nominees were encouraged to make electoral speeches outlining their plans for village management.

In places like Laixi County, in Shandong Province, all village business and the work of the village committees were open to public scrutiny, including the election of new village leaders.

Wang said the farmers made no bones about what they expected from their leaders, and the way they voted clearly reflected their wishes and the trust they placed in the candidates.

"The village leader holds power in areas that are vital to the farmers—such as distribution of contracted arable land, fertilizer, pesticides and other necessities of farming, revenue and expenditure of the village money, and how much grain they should deliver to the State," he said.

#### **Beijing Campaign To Publicize New Election Laws**

OW2310012990 Beijing XINHUA in English  
1525 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Beijing is witnessing an intensification of the publicity campaign for the election of deputies to the local people's congress.

Up to yesterday, more than 400 propaganda stations were set up in every part of the city, and 40 loudspeaker vans toured the downtown areas. In addition, one million pamphlets were distributed, according to an official at the city's election office.

The campaign is designed to publicize the new electoral laws and make people more conscious of their civil rights, the official said.

A middle-aged woman approached the propaganda station in front of the downtown Wangfujing Department Store and suggested that the candidates and new deputies should make more visits to their constituents and listen to their suggestions and complaints.

The direct elections of deputies to the people's congress at district, county and township levels is to be completed by the end of this year. A total of 4,891 delegates are to be elected at the district and county levels, and over 12,000 at the township level. Nominations will be processed from mid-November to mid-December. Most of the districts and counties have set December 26 as polling day.

#### **Patriotism Urged on 130th Anniversary of Burning**

OW1810223690 Beijing XINHUA in English  
1254 GMT 18 Oct 90

[Text] Beijing, October 18 (XINHUA)—Beijing marks the 130th anniversary of the burning of Yuan Ming Yuan by showing a documentary film, holding seminars

and publishing articles, which stress raising national morale from national humiliation.

Yuan Ming Yuan (Garden of Ten Thousand Gardens)—located in the northwestern suburbs of Beijing—was built over a 150-year period from 1709 to 1859. The gardens covered more than 330 hectares, and most of its buildings were constructed in the traditional palace style. The original gardens were burnt and destroyed by British and French allied forces in October 1860.

The documentary film, "The Vicissitudes of Yuan Ming Yuan", tells about the great architecture, and how it was destroyed by foreign forces. The film uses information from the historic archives, and shows the ruins of the garden. Party General Secretary Jiang Zemin wrote the title for the one-hour film, which was produced by the Shenzhen Film Studio Corporation.

In a seminar held earlier this week, on the anniversary of the historical event, more than 30 experts and scholars agreed that the Chinese people should help to invigorate New China by exhibiting patriotism and remembering the national humiliation imposed by the imperialists.

Today's BEIJING DAILY carried three articles marking the anniversary. The half-page article entitled "Beautiful Garden and the Burning Crime" concluded that only socialism can save China and make it strong.

#### **Administrative Procedural System Cited**

HK2210125190 Beijing RENMIN RIBAO OVERSEAS  
EDITION in Chinese 19 Oct 90 p 2

["Special commentary" by Yu Ma (3768 7456) of the Ministry of Justice's Judicial Research Office: "The Development of an Administrative Procedural System in China"]

[Text] The system of administrative procedures has today become an important yardstick used to assess the degree of democracy and rule of law in a country. The "PRC Administrative Procedural Law" adopted at the second session of the Seventh NPC on 4 April 1989, took effect starting 1 October this year. It marks an important stride in the building of a socialist democratic politics as well as a legal system in our country, and also represents a major development in our country's administrative procedural system.

The history of old China may be said to be one characterized by "concentration of power in one place", "concentration of obligations in one place", "officials as burdens on the citizenry", and "officials being more important than ordinary citizens". There existed only a concept of power coming from top to bottom and of obedience from the bottom to the top. There was almost no demand of rights from the bottom to the top.

After the birth of New China, the people stood up and became masters of their own fate, while government workers became public servants in the service of the people. The constitution of our country provides: "In

case of violation of law or neglect of duty by a state organ and state worker," the citizen "shall have the right to make appeals and file charges or institute prosecution proceedings against the concerned state organ." "A person who sustains losses caused by the infringement of his rights as a citizen by a state organ and state worker is entitled to compensatory payments in accordance with legal provisions." A visitation system was also rapidly set up all over the country. It played an effective role in smoothing the channel of communications between the government and the people and easing certain contradictions between the two. Owing to the absence of an administrative procedural system, however, for a considerably long period of time, citizens and legal persons whose legal rights were abused by government organs could only put their hope on the visitation system. Facts have shown that reliance on this single channel left many problems unsolved. The provisions in the constitution were also not fully upheld.

Along with the progress of the reforms and the opening up, our country began setting up a system of administrative procedures in 1982 in order to adapt to the new situation featuring a commodity economy as well as the building of democracy and of a legal system, to protect the legitimate rights of the subject of administration, and promote law enforcement. Section 2 of Article 3 of the 1982 Civil Action Law (On Trial Implementation) states that administrative cases to be tried by the people's court as provided for by law will adopt civil suit proceedings. This was the start of the building of a system of administrative procedures in our country.

In the next six years, more than 130 laws, administrative regulations and local decrees identified administrative cases to be handled by the courts. Among them, the "PRC Decree on Enforcement of Peace and Order" which was proclaimed on 5 September 1986 and officially put into effect on 1 January 1987 is of special significance. Article 39 of this decree provides that indicted persons and the victims may appeal to a higher public security organ if they are dissatisfied with the decision of the public security organ or village (town) people's government, and if still dissatisfied, may file charges with the people's court. The implementation of this decree meant that the work on the enforcement of peace and order which is of very close concern to the people has been incorporated into the jurisdiction of the people's court.

There remained, however, a considerable number of administrative cases which was outside the jurisdiction of any court. Unless defined by law and regulations, no court can try these cases. This undoubtedly restricted the court's jurisdiction over administrative cases. At the same time, certain administrative cases cannot totally apply civil suit procedures. It was at this time that the 13th CPC National Congress raised the need to further strengthen and perfect the system of administrative procedures. After more than two years of research and

revisions, solicitations and considerations of the opinions from all sides, the administrative procedural law was finally born.

The administrative procedural law is an important fundamental law in our country. It marks an affirmation of the administrative procedural system as a formal legal system in our country, as well as an important step toward a complementary relationship between administrative law and administrative procedural law in our country. In so far as our legal system is concerned, our country has moved a step closer in embodying "law compliance by the government" as a principle in the rule of the law. This body of law contains a total of 11 chapters and 74 articles and comprehensively as well as systematically defines the people's court's jurisdiction over administrative cases, respondents, evidence, prosecution, acceptance and trial of a case, verdict, enforcement, compensation and obligations, and administrative proceedings concerning foreign parties. It stipulates the principles that an administrative proceeding may be instituted to decide on the legality of concrete administrative action, that filing of charges does not mean a suspension of operations, that the court exercises limited right to make judicial amendments, that the administrative organ has the burden of adducing evidence, that the administrative organ has the obligation to make compensatory payments, and that mediation may not be applicable (except for proceedings involving payment of compensations).

After the establishment of the administrative procedural system, and especially after the promulgation of the administrative procedural law, judicial organs were set up at all level to strengthen the administrative judicial courts. From 1986 to the present, administrative judicial courts were set up in the Supreme People's Court, in all superior people's courts and intermediate people's court, with a few grass roots people's courts still to establish their own courts. The Supreme People's Court and some local people's courts conducted training classes on the administrative procedural law and administrative law in order to raise the law enforcement level of judicial personnel. People's courts at all level actively and cautiously tried a large number of administrative cases. So far, more than 27,000 cases have been tried and they involved administrative and management departments in charge of public security, land, customs, food hygiene, medicine, environment protection, industry and commerce, and taxation. By trying administrative cases, the people's courts were able to protect the legitimate rights of the citizens, legal persons and other organizations, supervise the enforcement of the law by administrative organs, promote closer ties between the government and the people, and accumulate countless experiences in trial of administrative cases.

At the same time, a series of difficulties was also encountered in the course of setting up our country's administrative procedural system. In particular, the phenomenon of "reluctance to sue an official" is widespread; certain administrative organs refuse to respond to



charges or enforce the court's verdict, with some even interfering with the verdicts of the courts (mainly grass roots people's courts); some judicial personnel are intimidated by the "official" being sued and could not handle the cases with impartiality.

With the implementation of the administrative procedural law, the problems cited above are not likely to disappear immediately, while new problems are bound to crop up. But be that as it may, the development of the administrative procedural system in our country will definitely boost the building of democratic politics and legal system in our country, contribute to the protection of the legitimate rights of the citizens, legal persons and others, strengthen the judicial supervision as well as the people's supervision over administrative organs, promote the compliance of the law by government organs and further enhance the law enforcement level of judicial organs.

#### **Journal Summarizes Year's United Front Work**

OW1810191690 Beijing XINHUA in English  
1515 GMT 18 Oct 90

[Text] Beijing, October 18 (XINHUA)—An article in the current issue of the magazine, "PARTY BUILDING", summarizes united front work over the past year and calls on all non-communist parties and mass organizations to rally under the banner of socialism and patriotism.

The article says that the third generation of the party Central Committee, with Comrade Jiang Zemin as the nucleus, attaches great importance to the united front work, which was considered as one of the three magic weapons of the Communist Party of China (CPC) for defeating the enemy in the new-democratic revolution, along with armed struggle and party building.

Many well-known personages with no party affiliation have said the new leading body of the CPC devotes as much attention to the united front work as senior party leaders did.

A strong contingent for the united front work has been formed since the beginning of the 1990s, according to the magazine. National statistics show that there are 2,931 people's political consultative conferences at various levels with a total membership of 410,000.

Non-communist parties across China have a membership of 340,000 people. Some 540 non-Communist Party members and people without party affiliation are deputies to the Seventh National People's Congress, the article says.

#### **Jiusan Society Central Committee Member Dies**

OW2010184890 Beijing XINHUA in English  
1506 GMT 20 Oct 90

[Text] Beijing, October 20 (XINHUA)—Sun Chengpei, a member of the Standing Committee of the Seventh

National Committee of the Chinese People's Political Consultative Conference (CPPCC) and permanent vice chairman of the Central Committee of the Jiusan Society, died here at 2:10 a.m. today at the age of 75.

Sun, a native of Hengtai County, Shandong Province, was a member of the Executive Committee of the Students Federation during the "December 9th Movement"—a demonstration staged on December 9, 1935 by Beijing students calling for resistance to Japanese aggression and for national salvation. He joined the Jiusan Society in 1946 and held leading posts in the society for a long time.

He joined the Communist Party of China in 1947.

Following liberation in 1949, he served as deputy director of the editorial board of the "GUANGMING DAILY", acting editor-in-chief of the journal, "NEW TIMES", deputy director of the Beijing Cultural Bureau and deputy secretary-general of the National Committee of the CPPCC.

He was a member of the second, third and fourth national committees of the CPPCC and a member of the standing committees of the fifth, sixth and seventh national committees of the CPPCC.

#### **Legal Authority Wang Ruqi Dies 6 Oct**

HK1910153190 Beijing RENMIN RIBAO in Chinese  
15 Oct 90 p 4

[Text] Beijing, 13 Oct (XINHUA)—Comrade Wang Ruqi, a fine member of the Communist Party of China, true and tested communist fighter, former adviser to the Ministry of Justice, and vice president of the All-China Association of Lawyers, passed away due to illness at the age of 78 in Beijing on 6 October 1990.

In accordance with Comrade Wang Ruqi's request that "no farewell ceremony or memorial meeting be held", her body was cremated this morning at Babaoshan and her ashes laid to rest at the Babaoshan Revolutionary Cemetery.

A native of Boxiang County in Hebei Province, Wang Ruqi began to work for the revolution in 1936 and joined the Communist Party of China in 1938. She was a law graduate from Shanghai's Fudan University. After the outbreak of the war of resistance against Japanese aggression, she participated in the CPC-organized movement to resist Japanese aggression and save China in Shanghai and Wuhan. In 1940, she arrived in Yanan where she conducted research work for the Central Committee's Women's Commission and contributed to the efforts to mobilize and organize women into supporting the war of resistance against Japanese aggression, construct a solid base area, and achieve victory in the war.

Following the liberation of Beijing, she assumed the post of propaganda department head of the Beijing Municipality Women's Commission as well as the Beijing Municipality Federation of Women. After the founding

of New China, she actively took part in the drafting and implementation of the first "PRC Marriage Code" in our country. After the liberation of the entire country, Wang Ruqi served as a member of the executive council of the first, second, third, and fourth All-China Federation of Women. She was also deputy chief of the division on cadres' education, chief of the propaganda division, and chief of the notary division at the Ministry of Justice of the central people's government. She was vice president and a member of the standing committee of the party committee of the Shanghai Institute of Foreign Languages, and deputy chief of the research office at the Supreme People's Procuratorate.

She was also a member of the Second and Fifth National Chinese People's Political Consultative Committees as well as delegate to the Eighth CPC National Congress. At the same time, she was also a director of the Chinese Institute on Political Law, vice president of the All-China Association of Lawyers, and a director of the Chinese Legal Institute. She had contributed to legal research and to the acceleration of the process of legal construction in our country.

#### Literary Scholar Yu Pingbo Dies

OW1610203290 Beijing XINHUA in English  
1537 GMT 16 Oct 90

[Text] Beijing, October 16 (XINHUA)—Leading modern Chinese literary figure Yu Pingbo died in Beijing yesterday at the age of 91.

Yu, a native of Deqing county in east China's Zhejiang Province, was an authority on the classical novel, "Dream of Red Mansions".

Upon graduation from Beijing University in 1919 Yu taught at a number of prestigious universities across China, including the Shanghai, Yenching, Beijing and Qinghua Universities. He also participated in secret pro-revolution organizations in old China—and took an active part in the May Fourth (1919) new culture movement.

After the national liberation in 1949 Yu became a member of the National Committee of the China Federation of Literary and Art Circles, a deputy to the First, Second and Third National People's Congresses, member of the National Committee of the Chinese People's Political Consultative Conference, Central Committee member of the Jiusan Society and a research fellow of the Literary Institute of the Chinese Academy of Social Sciences.

He dedicated his life to academic and cultural studies and scored remarkable achievements in literary creation and research. He was an influential writer, poet and scholar.

A simple funeral was held today, in accordance with Yu's wishes.

#### Minister Urges Better Conditions for Intellectuals

OW1210183990 Beijing XINHUA in English  
1521 GMT 12 Oct 90

[Text] Beijing, October 12 (XINHUA)—Zhao Dongwan, minister of personnel, has called on departments and localities to further improve the working and living conditions of intellectuals to help them fully display their talents, the "GUANGMING DAILY" reported today.

According to the minister, intellectuals are an important force in China's socialist construction.

How to enable them to display their enthusiasm and creativeness is a problem which will help determine the success of China's socialist cause, he pointed out. For this reason, veteran leader Deng Xiaoping has called on all people to "respect knowledge and people of ability" and create conditions for intellectuals to exercise their talents.

The minister said the Chinese Communist Party Central Committee and the State Council have attached great importance to improving the working and living conditions of intellectuals since the third plenary session of the party Central Committee in 1978.

Despite financial difficulties, Zhao explained, the state has, since 1985, spent 11 billion yuan on raising intellectuals' wages.

More than 19.48 million intellectuals have gained professional and technical titles since 1985, accounting for 84.2 percent of the country's total.

Altogether, 1.7 million intellectual couples whose work forced them to live apart for many years have been reunited, and about one million specialists and technicians have been transferred from unsuitable jobs to ones more in line with their qualifications with the help of the state over the past few years.

In addition, the state has worked out a series of measures to enable intellectuals to display their talents. These include promotions and better housing and salaries for intellectuals who make prominent contributions to the nation.

Although the party and the central government have done a great deal to improve the working and living conditions of intellectuals, there is still lots of room for improvement, Zhao noted.

While continuously improving their working and living conditions, the minister said, his ministry will further strengthen contacts with intellectuals by listening to their opinions and suggestions, and help them solve practical problems so as to enable them to energetically display their talents and devote themselves to the building of socialist material civilization and advanced culture and ideology.

### Anhui Meeting on Protecting Lawyers' Rights

OW1910224990 Beijing XINHUA in English  
1529 GMT 19 Oct 90

[Text] Hefei, October 19 (XINHUA)—Local rules and regulations to protect lawyers' rights and interests and their functions have been enacted in eight of China's 30 provinces, municipalities and autonomous regions and proved welcome and successful.

This was reported at a recent nationwide meeting here on protecting lawyers' rights and interests, which was attended by legislators, China's minister of justice and other high-ranking officials and local congressmen.

According to the meeting, few cases violating lawyers' legislative rights and interests have been reported in Liaoning Province in northeast China since 1987, when the local parliament issued a law against all kinds of interference in or obstructions of lawyers' activities.

Similar laws are in force in Guangdong, Jilin, Anhui, Shanxi and Heilongjiang provinces, the Ningxia Hui Autonomous Region and Tianjin, and are being drafted in other parts of the country, according to the meeting, which was sponsored by the All-China Lawyers' Association.

China now has nearly 50,000 lawyers who have set up more than 3,650 agencies and legal advice offices. They handle an average of nearly 150,000 criminal cases each year while acting as legal advisors to more than 2,000 administrations at district level or above and to 120,000 enterprises all over the country.

### Minister Peng Peiyun Views Population Control

HK2310041190 Beijing JINGJI RIBAO in Chinese  
6 Oct 90 p 3

[Article by Peng Peiyun, State Family Planning Commission minister: "Control Population Growth, Develop the Economy With Better Results"]

[Text] This is the 10th year since the "Open Letter from the CPC Central Committee to All Communist Party and Communist Youth League Members on the Question of Controlling China's Population Growth" was issued. Over the past decade, as a result of the common efforts of the party and the people of the country, China has made outstanding achievements in controlling population growth. Compared with the 1970's, our country's average birth rate dropped by 4.43 permillage [rate or proportion per thousand] points in the 1980's and the natural population growth rate dropped by 3.89 permillage points. The average total birth rate dropped from 4.01 to 2.42 per thousand. At present, although we are in the third baby boom since the founding of the state, we have done our best to keep our population birth and growth rates within the range of a slight growth.

It is our long-term and basic national policy to carry out family planning, control population growth, and increase

the quality of the population. This policy was worked out in light of our national situation and based on the Marxist theory on suiting population production to material production.

China has the largest population in the world. The fast growth in population has brought great pressure on our economic and social development and seriously restricted the development of our socialist modernization drive and the increase in the people's standard of living. Although we have achieved great economic development over the past 10 years or so, and the gross outputs of many products, such as grain, cotton, meat, and coal, are among the highest in the world, they are actually among the lowest in the world on a per capita basis. The fast population growth has also brought about great difficulties to the people in respect of housing, communications, medical care, education, and employment. The per capita natural resources reserve is continuously dropping, and the ecological environment is deteriorating daily. Facts cause us to understand more and more clearly that to carry out the socialist modernization drive successfully, and attain the strategic goal of economic construction, it is necessary to carry out family planning, strictly control population growth, and endeavor to increase the quality of the population. This work should be put in a very important position.

China's population situation is still grim in the 1990's because the base of our population is large and we are in a baby boom period which will peak during the Eighth Five-Year Plan. The annual average number of women of fertile age, that is between 15 and 49, is 322.6 million, which is 8.2 percent higher than during the Seventh Five-Year Plan; the average number of women at the highest fertility ages between 20 and 29, is 121.8 million, 16.4 percent higher; and that of women at the peak fertile age (23) is 12.73 million, 5.4 percent higher than during the Seventh Five-Year Plan. The number of women at the highest and peak fertile ages will drop only after 1996. As the number and structure of women of fertile age are both unchangeable objective facts in the 1990's, the target of population control can be realized only by reducing the birth rate. To make the population growth suit the economic and social development, it is necessary to reduce the birth rate and strictly control population in the 1990's. This not only concerns whether or not we can attain the goal of the second step of economic development by the end of this century but also whether or not we can attain the goal of the third step of economic development and halt our population growth by the middle of the next century.

At present, what merits our attention is that family planning is developing unevenly in our country. The birth rates in 18 provinces and autonomous regions, containing 58 percent of the national population, are still on the high side. In the vast rural areas, the family planning policy has not been properly implemented. We hope, therefore, that the whole party and whole society will attach greater importance to and support this work.



Family planning is an important task. It is arduous, complicated, and comprehensive and concerns the overall situation of economic construction and social development. It can only be done well when we rely on the powerful leadership of the party committees and governments at all levels. We hope that the party committees and governments at all levels will further strengthen leadership over family planning and bring it into line with the local economic and social development schemes so that "both productions"—population production and material production—can be grasped at the same time. To this end, it is necessary to further strengthen education among cadres at all levels so that they can have a high sense of responsibility toward history and a good sense of urgency, attach greater importance to the population issue, and resolutely implement the basic national policy of family planning. It is also necessary to overcome the one-sidedness and short-term actions of some cadres who have only attached importance to economic work and neglected population control.

Our experiences over the past few years prove that whether or not a locality or unit can do a good job in family planning depends largely on whether the party and league members, and the vast numbers of cadres, can set a good example in this work. We hope that the party and league members and the vast numbers of cadres will continue to answer the call of the CPC Central Committee in its "Open Letter to All Communist Party and Communist Youth League Members on the Question of Controlling China's Population Growth" and set a good example in carrying out family planning. They must set a good example in implementing and giving publicity to the party's policy and in serving the masses.

As many factors affect the birth rate, in order to reduce this rate and solve China's population problem, it is necessary to tackle this problem in a comprehensive way. All departments and mass organizations concerned must endeavor to create all favorable conditions for controlling population growth and increasing population quality. Our social and economic policies must be conducive to encouraging late marriage and late and quality childbirth. The family planning departments must strengthen their own building under the unified leadership of the party committees and governments at various levels, and strengthen their relations and cooperation with other departments and mass organizations, so that joint efforts can be made in doing a good job in this field.

Family planning is a reform to change prevailing habits and customs. It concerns the immediate interests of thousands upon thousands of households. It is impossible to do a good job in this respect without the support of the broad masses of people. Therefore, in family planning work, it is necessary to adhere to the mass line of doing everything for the masses, relying on the masses in all cases, and coming from and going to the masses. It is necessary to patiently and repeatedly explain the policies of the party and state to the masses so that they

can really understand the significance of family planning and the relations between family planning and their immediate interests. It is necessary to carry out lively propaganda on controlling population growth among the masses so that the dialectical relations between population control and economic development can be understood by more and more people. The contest on the knowledge of "population and economy", which was held recently, was also an attempt to encourage people to support family planning more conscientiously and improve the quality of population. Provided we firmly adhere to the principle of serving the people wholeheartedly and make continuous efforts to increase our policy level and professional level, we will surely be able to push forward the work of family planning, a great cause that will bring benefit to the people.

### **Zhejiang National Child Work Conference Opens**

*OW2210151690 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 20 Oct 90*

[From the "Provincial Hookup" program]

[Text] The second national experience-exchange meeting of advanced cities and counties in child work opened in Haining City, Zhejiang, this morning. Some 200 people, including representatives from the advanced cities and counties and leaders of various provinces, autonomous regions, and municipalities, will exchange experience in child work, focusing in particular on community development to provide optimum environment for the birth, growth, and education of children. The participants will study, discuss, and draw up a plan for developing undertakings related to children. They will also visit advanced units and facilities in child work in Haining City.

Attending today's opening meeting were Kang Shien, member of the Standing Committee of the Central Advisory Commission and chairman of the Committee for Showing Concern for the Next Generation in China; Chen Muhua, vice chairman of the Standing Committee of the National People's Congress and chairman of the All-China Women's Federation; Yan Ying, vice chairman of the Coordination Committee for Women and Children's Work and former deputy secretary general of the State Council; Liu Bin, vice minister in charge of the State Education Commission; Ma Qingxiong, vice minister of radio, cinema and television; Li Yuanchao, member of the Secretariat of the Communist Youth League Central Committee; Wang Shuxian and Kang Ling, members of the Secretariat of the All-China Women's Federation; Shen Zulun, Zhejiang governor; Wang Yaoting, member of the Standing Committee of the Zhejiang Provincial Advisory Commission; Wu Minda, vice chairman of the Standing Committee of the Zhejiang Provincial People's Congress; and Li Debao, vice governor of Zhejiang.

Comrade Chen Muhua spoke at the meeting. She said: We must bring up the next generation with a view to compete in the next century. We must take a broad and long-term view and start from the children. We must,

under the guidance of world orientation, future orientation, and modernization orientation, bring up a new generation of people who develop in a comprehensive way—morally, intellectually, physically, esthetically, and work-wise—and become well-educated, self-disciplined citizens with idealism and moral integrity, thereby smashing the attempt of the international hostile forces to bring about peace evolution in China.

Comrade Chen Muhua called for a nationwide drive to promote optimum birth, growth, and education of children and to draw up a plan for the development of child undertakings, focusing on their optimum birth, growth, and education.

On behalf of the Committee for Showing Concern for the Next Generation in China, Chairman Kang Shien extended greetings to the opening of the meeting. She called for more attention to the education of children in patriotism, revolutionary traditions, and socialist ideology and for more concern of their growth.

On behalf of the provincial government, Vice Governor Li Debao warmly welcomed the leaders and representatives attending the meeting. He urged comrades in Zhejiang to use this good opportunity to earnestly learn from the experience of the fraternal provinces and municipalities and conduct child work in the province more successfully.

#### Minister Views Righting Traffic Irregularities

OW1910082490 Beijing XINHUA Domestic Service  
in Chinese 1331 GMT 12 Oct 90

[From the "Local Broadcast News Service"]

[Text] Changchun, 12 Oct (XINHUA)—During the period of the Eighth Five-Year Plan, the nation's road and water transportation will continue to adhere to the principle of consolidation. Improvement will be the emphasis of the first two years, during which we shall strive to make headway in the economic improvement and rectification drive. Development will be emphasized for the remaining three years, during which continued efforts will be made to accomplish the tasks of economic improvement and the rectification drive in the course of development. This was stated by Qian Yongchang, minister of communications, at the national conference for the exchange of experience in the work of improving and consolidating road and water transportation, which ended today.

Qian Yongchang said: For some time in the future, the main efforts will be concentrated on rectifying undesirable conduct of operations and establishing market rules and regulations, as well as an operational code of conduct. In passenger transportation, the following problems should be solved: collusion between insiders and outsiders in the resale of train and boat tickets at a profit; embezzlement of the fares collected; arbitrary changes of travel routes; skipping of schedules; dumping of passengers who have gone past their destination stations; and

poor service quality and attitude. In the transportation of goods, the following problems should be solved: control and monopoly of the source of goods by improper means; theft and illegal resale of goods entrusted for transportation; and harassment and extortion of goods owners. In moving, loading and unloading of goods, and port management, the following problems should be solved: delimiting confines and setting up barriers; acting as overlords in the market; forced loading and unloading of goods; rough handling of freight; and abusing the power of marshalling to seek personal gain and line one's pockets. In auto repair and maintenance, the following problems should be solved: giving kickbacks, offering gifts, making unauthorized repairs at the next higher level, poor workmanship, use of inferior materials, and disregard of repairs and maintenance quality. We should do a good job in rectifying the problems in transportation bills and charges, and firmly crack down on the alteration of bills, the embezzlement of state property and money, and tax evasion.

Qian Yongchang said: The purpose of straightening out the transportation market is to improve the transportation setup, establish an operating mechanism combining the planned economy with market regulation. The six specific guidelines are as follows:

- In terms of the economic components for transportation, public ownership will be the mainstay, supplemented by a coordinated development of other economic components, so that each component fully develops its advantages.
- The technological structure for motor vehicles and vessels, as well as the distribution of their transport capacity, should be rationalized. Their scope of services should be constantly enlarged and transport capacity enhanced to basically meet the transportation needs of the various sectors at all levels.
- There should be relatively complete market rules and regulations and a perfect operational code of conduct in the management of transportation services to ensure open and fair transactions, lawful competition on an equal basis, and an orderly market.
- The transportation market should basically operate under a system whereby mandatory and guidance plans are organically combined with market regulation. The voluntary application of the law of value and market regulation should also be incorporated into the readjustment and control of macroscopic planning.
- In the structure and management of transportation services, it is necessary to establish a system of readjustment, control, and supervision, involving the comprehensive use of economic, legal, and administrative means. This will enable government transport departments to effectively regulate and control the development of transportation services.
- The productive forces in transportation should be further emancipated to yield higher efficiency and

greater benefits. The orientation, scope, and speed of development of transportation should be basically in line with the development of the national economy, so that road and water transportation will better promote a sustained, stable, and coordinated economic development.

#### **Yang Taifang Urges Improving Telephone Services**

*OW1510080390 Beijing XINHUA in English  
0659 GMT 15 Oct 90*

[Text] Beijing, October 15 (XINHUA)—Although China has made remarkable progress over the past decade in developing telephone services, they are still far from satisfactory in meeting increasing demands.

Yang Taifang, minister of posts and telecommunications, said in "GUANGMING DAILY" today that by the end of June this year, the total urban telephone switchboard capacity reached 7.21 million lines, a three-fold growth over 10 years ago.

Now 606 cities in China are included in the nationwide network of direct-dial long-distance telephones; 218 Chinese cities have direct-dial telephone access to 182 countries and regions.

Last year private telephones in China totalled 655,400, 15 percent of the country's total.

But the rapid development cannot meet the demands, Yang said. For instance, by the end of 1989, 500,000 applications for telephone installation in the country were left unhandled.

There is now only one telephone for every 100 Chinese citizen.

Yang said that the major problem hindering the development of telephone services is a shortage of funds.

Telephones, especially program-controlled telephones and optical cable trunk lines, are high-tech equipment. They require high investment.

In order to improve telephone services, the state must increase investment. At the same time, telephone installation fees should be readjusted in order to recover enough money for production expansion, Yang said.

#### **Beijing Film Academy Marks 40th Anniversary**

*OW2010200690 Beijing XINHUA in English  
1541 GMT 20 Oct 90*

[Text] Beijing, October 20 (XINHUA)—Asia's leading film academy, the Beijing Film Academy, which boasts 3,700 graduates, celebrated its 40th birthday here today.

Ai Zhisheng, minister of radio, film and television, said in his congratulatory speech to the academy today that colleagues of the academy and all the people in China's film circles should carry on the country's fine tradition of film creation and production.

The minister said that in the 1930s, film in China was part of the revolutionary cultural campaign organized by the Chinese Communist Party, and the number of outstanding films produced in the past four decades have played a significant role in uniting and educating the Chinese people.

Among the graduates of the academy in the past 40 years are majors in film theory, film acting, film directing, film technique and film distribution. Lots of famous film actors, actresses and directors have studied at the academy. Over 350 students with master's degrees have graduated from this academy.

Graduates of the Beijing Film Academy have won nearly 100 international film festival prizes in the past.

#### **Central Drama Institute Celebrates Anniversary**

*OW1910204590 Beijing XINHUA in English  
1633 GMT 19 Oct 90*

[Text] Beijing, October 19 (XINHUA)—More than 1,000 teachers, students and alumni gathered this morning at the Central Drama Institute here to celebrate its 40th anniversary.

Song Renqiong, vice chairman of the Central Advisory Commission, and Chen Benchang, vice minister of culture, attended the meeting. Chinese President Yang Shangkun and Cao Yu, executive chairman of the China Federation of Literary and Art Circles and honorary chairman of the institute, sent messages of congratulations to the institute.

Cultural departments, troupes and art colleges and schools in many provinces, cities and autonomous regions, and alumni in Taiwan, Hong Kong, Macao, Japan, the United States and Western Europe have all sent congratulations, totalling over 1,000 messages.

The Central Drama Institute is one of China's most famous institutes of drama education. It has fostered some 3,000 graduates, who are now employed in modern drama theaters, film studios, television stations, newspaper agencies, research institutes and art schools all over the country.

In addition, the institute has trained dozens of foreign students from the United States, Britain, France, Germany, the Netherlands, the Soviet Union, Austria, Mexico, Sweden and Cameroon.

#### **Economic & Agricultural**

#### **Chen Jinhua Interviewed on Economic Reform**

*OW2210102690 Beijing XINHUA in English  
0918 GMT 22 Oct 90*

[Text] Beijing, October 22 (XINHUA)—Chen Jinhua, minister of the State Commission for Restructuring the Economy, today expressed high hopes for China's current economic reform.



In an interview with XINHUA, the newly appointed minister said that in the days to come the completion of every task in reform should be carried out in a practical spirit.

At present, he said, efforts must be made to further correct the relationships between the state and enterprises, and between the central and local governments while improving and adhering to the effective reform measures practised in the past decade.

The relationships between the state and enterprises, he said, should ensure the steady increase in the financial income of the state while guaranteeing the status of the enterprises as relatively independent producers.

The central government should have enough financial resources to practise effective control and make adjustments on the entire national economy and concentrate on some big projects. At the same time, the initiative of local governments should also be brought into full play.

The minister said that given the recent economic situation, the deepening of reform should be connected with three other aspects.

Firstly, he noted, the reform of enterprises should be deepened to improve the director/manager responsibility system and to improve the inner workings of enterprises. The reform in distribution, labor, and old-age pensions should be practiced earnestly. Management should be strengthened to increase the economic benefit of enterprises.

Secondly, the socialist market system should be nurtured by strengthening market management, perfecting market laws and regulations, and rectifying the distribution system.

Thirdly, reform of the macro-economic control system should be deepened. At the same time, there should be simultaneous reforms in finance, taxation, supply, foreign trade, pricing and planning.

Chen said the final aim of China's economic reform is to develop a planned commodity economy on the basis of socialist public ownership and an economic operational system that combines planning with market regulation.

#### On Relevance of Foreign Experience

OW2210130490 Beijing XINHUA in English  
1042 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—The State Commission for Restructuring the Economy will continue to strengthen its ties and co-operation with other countries and regions, and major international organizations, said Chen Jinhua, the minister in charge of the commission. "The reform under socialism is an unprecedented task and there is no model available to copy," he said. "China must try to find its own way of building socialism while keeping national conditions in mind. In the meantime we must borrow good experience from other countries."

"Borrowing experience is not the same as copying a foreign model indiscriminately, but instead is drawing on useful experience which is practicable for China in building socialism with Chinese characteristics." He said that Chinese history has been a history of taking in everything, that is, absorbing the essence of foreign cultures and rejecting their dross. For the past 10 years, the commission has been studying the experience and practice of the developed countries in the West, other socialist countries in the East and the developing Third World countries. It has conducted effective co-operation with international organizations including the United Nations Development Program and the World Bank, Chen said.

#### Minister Profiled

OW2310053090 Beijing XINHUA in English  
1520 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—Chen Jinhua, minister in charge of the State Commission for Restructuring Economy, has a hobby after work, buying, reading and collecting books.

"I've got to study and learn new things," said the 61-year-old Chen when asked about his new post. "My experiences and knowledge are limited in the overall economic restructuring."

Chen's previous positions, however, show that his experience and knowledge are not limited when it comes to economic reforms.

During the 1950's and 1960's, Chen spent long years pursuing higher education in his spare time. He graduated from the Economics Department of People's University and the Chinese Department of Beijing Television University.

"Unlike what's reported in the overseas press, I have never been abroad for study," Chen said.

In the early years of new China, Chen worked in the ministries of the textile industry and the light industry. In the early 1970's he went to Shanghai to set up the petrochemical complex, the most advanced one at the time. Later, he formed the Liaoyang Petroleum and Chemical Fibre Corporation in northeast China, the petrochemical corporation in Tianjin.

From 1978 to 1983, Chen worked in Shanghai, and at one point was vice mayor in charge of economics and the municipal government's day-to-day administration.

In 1979, when China opened its door to the outside and initiated economic reforms, Chen worked as secretary of the party committee for the largest joint venture in China, the Baoshan Iron and Steel Complex in Shanghai.

Chen was promoted to president of the China Petrochemical Corporation in 1983, when the central government decided to reform the economic management system. The corporation became one of the few group

companies that were under the direct jurisdiction of the State Council and permitted to operate outside of its own industry or region. In the seven years of his leadership, the corporation more than quadrupled its assets and became one of the top companies in China.

Commenting on the growth of the corporation, Chen said "it clearly demonstrates the vitality that reforms can bring to a company and the importance of reforms in promoting productivity."

After becoming minister in charge of the State Commission for Restructuring Economy in July this year, Chen told XINHUA, "I have had some experience, positive and negative, in the past 10 years of the economic reforms. However, I can feel the heavy task ahead of me."

"Under the leadership of the party Central Committee and the State Council, and with the joint efforts of the people in all departments and regions, I am confident, as well as determined, to push the reforms further," he added.

#### **Zou Jiahua on Eighth Five-Year Plan Formulation**

OW2010172890 Beijing XINHUA in English  
1617 GMT 20 Oct 90

[Text] Wuhan, October 20 (XINHUA)—State Councillor Zou Jiahua today urged local government officials to bring their own advantages into full play while drawing up the state's Eighth Five-Year Plan (1991-95).

Government officials at all levels should avoid the tendency to be overanxious for quick results and take the national strength into consideration when arranging new projects. Only by doing things in this way can the national economy embark on the road of a stable, sustained and coordinated development, said Zou, who is also minister of the State Planning Commission.

Zou said it is not sufficient to simply raise output value if the nation is to revive the sluggish markets.

During the ongoing national campaign to improve the economic environment and rectify the economic order, Zou said, it is necessary to take both production and marketing into consideration. Otherwise, products will be stockpiled and there will be a shortage of funds for enterprises.

Zou stressed that adequate efforts will be made to readjust the industrial structure and product mix, raise product quality, develop new marketable products and promote sales.

#### **Praises Production of New Truck**

OW2210144490 Beijing Domestic Service  
in Mandarin 1030 GMT 20 Oct 90

[From the "National Hookup" program]

[Text] On the morning of 18 October, State Councillor Zou Jiahua enthusiastically leaped aboard an eight-tonne, Chinese-made flatbed diesel truck and slowly rode out of the Second Automotive Works' general assembly plant. The event marked the start of mass production of the EQ-153, a truck of the 1980's advanced international standards manufactured by the Second Automotive Works. It also signified a step forward in China's efforts to develop heavy-duty trucks and to import related technologies.

Speaking at a ceremony marking the start of mass-production of the eight-tonne EQ-153 diesel truck at the Second Automotive Works, Zou Jiahua said: The smooth process of putting the eight-tonne diesel truck into production constitutes yet another achievement of the Second Automotive Works during the Seventh Five-Year Plan. It is also a result of efforts to promote reform, openness, and self-reliance. The truck's production certainly will generate remarkable economic and social benefits in promoting the readjustment of the product mix of China's automobile industry and in tapping the potential of highway transportation. Moreover, it has opened the way for absorbing and digesting advanced foreign technology and promoting systematic production of automobiles at home.

The eight-tonne diesel truck that went into production was developed with the help of advanced technologies from the United States, Japan, and other countries. Its production marks the optimal integration of the local machine-building industry's technology of manufacturing whole automobiles with advanced foreign technology. Over 80 percent of the truck is made domestically. The truck is vastly superior to those currently available in China in terms of technical performance and appearance.

Zou Jiahua stressed: In order to ensure the coordinated and sound development of China's automobile industry, it is essential to systematically organize China's automobile industry into a better sector that consists of core enterprises producing key products. It is necessary to carry out overall planning and take the road of professionalism, mass production, diversity, and high quality, in order to make new contributions to invigorating China's automobile industry.

Present at the ribbon-cutting ceremony were Duan Junyi, standing committee member of the Central Advisory Commission; He Guangyuan, minister of machine-building and electronics industry; and Guo Shuyan, governor of Hubei Province.

#### **Central Bank Calls for Effective Use of Loans**

OW2110024490 Beijing XINHUA in English  
0149 GMT 21 Oct 90

[Text] Beijing, October 21 (XINHUA)—The People's Bank of China, the country's central bank, has urged local branches at all levels to do a good job of managing

the money supply in this final quarter of the year, according to today's "CHINA DAILY".

Bank Governor Li Guixian said the bank should increase loans to help promote economic recovery and enliven the sluggish market. But such a policy should be controlled to prevent inflation, he stressed.

The financial situation has been fairly stable in general this year as the bank has continued the austerity policy.

By the end of September, a total of 4.4 billion yuan (about 932 million U.S. dollars) had flowed back to the banks—a good record compared with that of the same period in previous years.

In addition, total urban and rural bank savings increased by 150 billion yuan (about 31.8 billion U.S. dollars) during the same period.

On the other hand, the bank increased its loans to a total of 143 billion yuan (about 30.3 billion U.S. dollars) in the first nine months, 82.9 billion yuan up on the same period last year.

Statistics also show that, lending to support industrial production had increased by 34 percent and lending for industrial enterprises by 41.5 percent by the end of September compared with the same period last year.

Li said the central bank would concentrate on providing loans to agricultural producers—turning out grain, cotton, oil-bearing seeds and export products—in this final quarter of the year, using the existing 1,500 billion yuan (318 billion U.S. dollars) in loans.

#### **Interregional Borrowing Funds State Projects**

OW2310100990 Beijing XINHUA in English  
0815 GMT 23 Oct 90

[Text] Nanjing, October 23 (XINHUA)—Branches of the People's Construction Bank of China in 55 cities have actively engaged in inter-regional borrowing to help fund state projects.

Documents submitted to the annual conference of these branches here revealed that they have relied on the market mechanism to raise funds amounting to 13.1 billion yuan for projects outside the state funding plans over the past three years.

These city branches formed a inter-regional borrowing network in April 1987. The cities are located along the Yangtze River, or are authorized for experimental financial reforms or have provincial status in economic planning.

Such fund-raising, exploiting time and location differences of the funds under the state plan, has brought into better use the limited capital and served as a link between the state funding plans and the financial market mechanism, a bank official said.

Some large-scale state projects, including those at the Wuhan Steel Company, No. 2 Automobile Plant and the Gezhouba Hydraulic Project, have benefited from their funding.

Thirty-two of these branches have also tried syndicated loans valued at 154 million yuan, a new form of funding in China, to help in nine projects. These projects can generate profits and taxes of nearly 200 million yuan a year, the official said.

The financial network of 55 branches is preparing to offer securities services and join in new syndications to grant loans for projects in the new Pudong development area in Shanghai, the official disclosed.

#### **Article Analyzes Crude Oil Price**

HK2210093190 Beijing JINGJI GUANLI in Chinese  
No. 8, 8 Aug 90 pp 22-25

[Article by An Yupei (1344 6735 1014), edited by An Luming (1344 6424 2494): "On the Crude Oil Price Question and Ideas For Readjustment"]

[Text] At present, our country's crude oil price is actually a state-subsidized price: The more crude oil the production sector produces, the greater its losses; while the more oil used by oil-using units, the greater the subsidies they enjoy. The long-term serious dislocation between the price of crude oil and its value has affected rational deployment in the industrial structure of the national economy, and the contradictions between the raw materials industries and processing industries have expanded. This has meant that petroleum exploration and development has been inhibited and it has not been possible to use oil resources rationally. The readjustment of the crude oil price is a problem that urgently requires solution.

#### **I. The Situation of Dislocation Between the Crude Oil Price and Its Value**

Since the beginning of the 1970s, the price of crude oil not only has not risen together with the rise in production costs, but has actually fallen, and the price is seriously distorted.

1. The crude oil price is much too low as compared to the international oil price.

Prior to the 1970s, considering the fact that oil is a non-renewable resource, as well as the tight supply of oil in our country, the domestic crude oil price was always higher than the international oil price in order to rationally utilize oil and gas resources and control consumption. In 1960, the price of crude oil from Daqing was 150 yuan per ton, but in 1961 this was readjusted to 130 yuan. At that time, the international oil price was stable at about \$13 per ton. Converted at the foreign exchange rates at that time, this was equivalent to 30-plus yuan Renminbi. In 1971, as the crude oil costs were low at that time while interest rates were high, the price of crude oil was reduced to about 100 yuan per ton. This price was



maintained right up to 1987. In 1987, there was an increase of 10 yuan (of which five yuan was taken as compensated use of reserves fees). In 1989, the State Council decided that another 27 yuan had to be paid for each ton of crude oil as compensated use of reserves fees, and that money was used for geological prospecting. However, beginning in 1973, the international oil price experienced major fluctuations. In 1982, the price reached \$248 per ton and then quickly fell. At present, the international oil price is about \$16 per barrel, which when converted in accordance with adjusted foreign exchange rates, is equivalent to 659 yuan Renminbi per ton, far higher than the domestic crude oil price.

2. The price relationship between crude oil and oil products is not rational.

The international average price relationship between crude oil, natural gas, coal and diesel oil is 1:1.35:1.32:1.19. However, the average domestic price relationship is 1:5.8:4.2:3.75. In recent years, the prices of end product oil frequently have been adjusted upward and the price of diesel oil has been raised from 700 to 745-875 yuan, while since 1982, high-price crude oil has been reduced in price repeatedly. In 1982, high-price Daqing crude was 644 yuan per ton. In 1983, it was 620 yuan per ton and was then again reduced to 590 yuan. In 1984, there was a further reduction of 545 yuan. Thus the price differential has become increasingly large.

3. The incomplete cost of crude oil already approaches the price of crude oil.

The cost of crude oil has risen year by year and oilfield production capacity naturally has declined gradually. This is an obvious characteristic of oil extraction. If stable extraction is desired, it is necessary to drill increased density readjustment wells [TIAO ZHENG JIA MI JING 6148 2419 0502 1378 0064] every year so as to make up the decrease. It is also necessary to adopt all sorts of measures to maintain reservoir pressure and to take measures to consolidate oil recovery. Thus, the various costs involved in maintaining simple reproduction increase annually. The higher the degree of extraction, the greater the increase in costs. Since the beginning of the 1980s, the major oilfields have entered their middle or late extraction periods, and there has been a great increase in oilfield reduction rates, and crude oil costs have risen swiftly. Average national oil extraction costs were 22.30 yuan per ton in 1971, but had risen to about 101 yuan by 1988, an increase of close to four times.

According to statistics, when we compare 1987 with 1981, the major rises in the crude oil cost structure were as follows: 1. Water injection costs increased from 4.78 yuan per ton to 7.46 yuan per ton, a rise of 54 percent. 2. Oilfield maintenance costs rose from 17.73 yuan per ton to 24.45 yuan per ton, an increase of 37.9 percent. 3. Underground operational costs grew from 4.18 yuan per ton to 10.23 yuan per ton, an increase of 119.6 percent. 4. Depreciation costs grew from 9.34 yuan per ton to

15.30 yuan per ton, an increase of 63.8 percent. 5. Motive power costs rose from 1.30 yuan per ton to 4.47 yuan per ton, an increase of 243.8 percent. The increases in these costs reflect the characteristics of oilfields in their middle and latter stages of extraction. For a long time, however, the crude oil prices have not been able to respond to these characteristics. It was only in 1988 that some readjustment began. However, there was still a vast disparity between the readjustments and the increase in oilfield costs.

In addition, our country's crude oil cost structure is not complete. First, exploration costs are not included in crude oil costs and the amount of reserves used up in the process of extraction likewise is not included in costs. For a long time, the cost of our country's crude oil basically has been the expenses involved in the development and extraction stages, and this alone cannot reflect the real cost structure. Second, costs are held down artificially. The comprehensive depreciation rate of oilfield fixed assets was set at 15.83 percent in 1960, while the amount to be retained as a fund for major repairs was set at six percent. However, the oilfields actually have never retained the stipulated depreciation funds or major repair funds. For example, in 1988, according to complete costs, about 1.9 billion yuan should have been retained as depreciation funds. However, only about 1.4 billion yuan was retained.

Over the last few years, the money volume of the various components constituting crude oil costs has grown continually and thus the current incomplete costs of crude oil already have approached the crude oil price. Thus, the income from crude oil sales now cannot even meet the basic production operation conditions of making up costs and allowing a certain profit.

## II. The Results of the Serious Dislocation Between the Price of Crude Oil and its Value

The irrational price of crude oil has had a harmful effect on our country's national economy.

1. The imbalance between input and outflow in the oil industry means that development reserves are increasingly small.

The incomplete costs of crude oil already approach the price of crude oil, and the tax burden is increasing annually. The present price of crude oil cannot meet the costs plus the tax burden. When the state implemented a unified industrial and commercial tax, every ton of crude oil was taxed at five yuan. By 1988, this had grown by 27 yuan. Under the present tax system, in 1988, the oil industry handed up over 4 billion yuan in taxes alone. However, while producing great accumulation for the state, the oil industry suffered industry-wide losses. In 1988, the losses were 1.5 billion yuan, and these had to be subsidized by the state. The label of loss-makers has dampened the enthusiasm of the broad masses of staff and workers in the oil industry. The overall losses in crude oil production also mean that the oilfield enterprises have lost their capacity to repay loans. By 1988,

domestic and foreign credit extended to the oil industry totalled 20 billion yuan Renminbi. Calculated on the basis of this year's crude oil output, the liability share of each ton of crude oil was 145 yuan. Following the progress of time, the liabilities of the oil industry will become increasingly heavy.

Second, as exploration costs cannot be recovered, and depreciation funds and major repair funds cannot be rationally retained, the development stamina of the oil industry has been affected. Of the total input in prospecting each year in the oil industry, the state allocates 250 million yuan in geological operating funds or about 4.5 percent of the total. The remainder of the funds are raised mainly by the oil industry itself. For a long time, owing to the uncompensated use of reserves, the profits produced in the process of reserve usage were all transferred, without compensation, to downstream users of the oil. This meant that oil prospecting costs could not be compensated. In the first three years of the Seventh Five-Year Plan, the insufficiency of funds every year affected the completion of the work tasks in the prospecting plans.

This produced gradual shrinkage of prospecting and this, in turn, resulted in a serious insufficiency of reserves. In addition, because of the insufficiency of depreciation funds and funds for major repairs, the renewal and transformation of oilfield equipment was seriously affected. Some high-consumption, low-efficiency equipment produced in the 1950s is still being used in some oilfields, and outdated equipment has become a major problem affecting the normal production of oilfields.

Beginning in 1981, the state implemented the crude oil output contract policy in the oil industry. Consequently, the self-raised portion of total annual input in the oil industry increased from 58.1 percent in 1981 to over 85 percent in 1988, and this played a major role in the development of the oil industry. Under the contract policy, crude oil produced in excess of the contracted figure could be exported or sold at higher prices domestically. Thus, there was partial readjustment of the crude oil prices and this was a partial remedy for the problems brought by the low price of crude oil. However, following the deepening of the reform of the economic structure, the state basically freed the selling and pricing of the majority of the means of production. Thus, steel products, wood products, cement and other raw materials needed by the oil industry rose greatly in price. The increase in the prices of imported steel products, the devaluation of the U.S. dollar and the readjustment of the exchange rates also resulted in added burdens for the oil industry. Furthermore, the price of domestic high-price oil was reduced on three occasions, meaning a large reduction in the price differential income from above-quota crude oil. These various aspects have greatly weakened the role played by the crude oil output contract policy.

2. The abnormal development of downstream oil-using industries has produced great waste of our limited oil reserves.

Our country's oil supply is tight and per-capita consumption of crude oil is only 21.9 percent of the world average. Even in long-term predictions, per-capita resource volume will remain very low. We should greatly treasure our scarce resources. However, the excessively low price of crude oil has produced the following problems:

A. The price ratio between crude oil and oil products is too low, and thus crude oil production incurs losses, while the processing of crude oil reaps huge profits. Oil refining and processing bring high profits, and this has encouraged the blind development of refineries, and especially of small and local refineries. Despite repeated prohibitions, they are seeing continual development. The development of small refineries has resulted in basic level governments seeking oil from the oilfields and the localities sending personnel to the oilfields to arrange the siphoning off of oil. Thus the oilfields no longer have the power to control their own crude oil production. This has resulted in extremely strained relations between the oilfields and the localities, both affecting oilfield production and fostering elements of social instability. Owing to the excessively low price ratio between crude oil and finished products if the chemical industry enterprises, and especially the oil refineries, can obtain crude oil their profits are guaranteed. This clearly is not of benefit to raising the management level or ensuring technical progress. Likewise it is not of benefit to raising labor productivity or the degree of processing of the refining enterprises.

B. With the excessively low price of crude oil, it will be difficult to resolve the problem of fuel oil. Although the per-capita volume of crude oil in our country is very low, fuel oil has always occupied a large proportion in our oil consumption structure. From 1966 to 1986, 128.575 million tons of oil were burned (this does not include the oil used by the oilfields themselves). This is equivalent to a year's output of crude oil at present. Although the state has repeatedly issued orders on reducing the burning of oil and placed a 70 yuan fuel tax on every ton of fuel oil, in 1987, the volume of fuel oil reached 29.15 million tons. Of this, over 3.57 million tons of crude oil was burned directly. From this, we can see that if we simply use administrative measures and do not readjust the price of crude oil, it will be very difficult to resolve the fuel oil problem.

### III. Basic Ideas for Readjusting the Crude Oil Price

The oil industry is an important prop of our country's national economy. Oil is an energy and a raw material for the chemical industry, affecting the development of the petrochemical industry and communications, and affecting the development of the various industries and businesses of the national economy. It has an important position in state financial income and in earning foreign



exchange through exports. Oil and gas constitute 22.7 percent of our country's energy production structure. The taxes and profits handed up from oil and gas extraction and from petrochemical industry enterprises that use oil and gas as their raw materials comprise about 17 percent of the total financial income handed up by industrial enterprises throughout the country. Since the beginning of the Sixth Five-Year Plan, the foreign exchange income derived from the export of oil and its products has constituted more than 20 percent of total national foreign exchange earnings over the same period. Thus, the development of the oil and gas industry will play an important role in the entire national economy and the resolution of the serious dislocation between the price of crude oil and its value, and eliminating the bad influences this situation produces, are extremely pressing tasks.

The guiding idea in readjusting the price of crude oil is: Proceeding from the basic conditions required for the development of the oil industry and the capacities of state finances, we should put the relationship between the price of oil and its value in order, so as to fully bring into play the economic lever role of oil pricing in the commodity economy, in order to promote the stable development of the oil industry and promote the normal development of downstream oil-using industries.

In the work of readjusting the oil price, we need to resolve the following several problems:

1. There should be compensated use of resources, and prospecting expenses should be included in costs. In theory, it should be recognized that prospecting labor is productive work that creates value, and that mineral reserves are commodities.

There are many methods for calculating reserve expenses. Proceeding from our country's specific situation, it appears that the adoption of the "overall costs method" is most rational. This includes converting the entire costs involved in seeking oil resources and engaging in prospecting into money terms. This will be advantageous to controlling the overall prospecting costs, assist in grasping the investment benefits of prospecting, and accord with the overall demands of economic accounting. As to how reserve expenses are to be included in crude oil costs, the current averaging method by which compensated use of reserves fees of 32 yuan are taken off for each ton of crude oil output, is quite simple to implement. However, this involves the problems of differential incomes and long periods of recovery. On this question, while rationally resolving the fixing of reserve expenses, we can do further research.

2. If we are to guarantee the funds needs of oilfields in maintaining simple reproduction, we need to ensure that depreciation costs and oilfield maintenance costs are realistically entered in crude oil costs. In February 1981, the "Regulations on the Scope of the Use of Oilfield Maintenance Funds," promulgated jointly by the Ministry of Finance and the Ministry of Oil Industry, clearly

pointed out: All oil and water wells drilled to maintain stable production of the oilfield, changes in oil extraction equipment, ground engineering work, as well as a small volume of geological prospecting on the fringes of already developed oilfields all come within the range of oilfield maintenance costs. Facts have proven that this method is quite suited to the realities of oilfield development, and has played an important role in extending the period over which oilfields produce and in raising the extraction rate. At present, the main problem is that because they are restricted by loss targets, the oilfields cannot retain the full amounts specified under the "Regulations" in accordance with the actual needs of maintaining simple reproduction. Also, the problem exists whereby oilfield maintenance charges are included in costs more than once: The entire expenses which an enterprise expends on oilfield maintenance projects are included in costs each year. At the same time, they also deduct depreciation costs and major repair costs for the fixed assets that have been formed in these maintenance projects. On the basis of satisfying the needs of maintaining the oilfields' simple reproduction, how to rationally expend the maintenance funds is also a question that requires study.

In addition, there is also the depreciation question. In 1964, the state clearly stipulated the principle that the oil industry should "recover investment during the period the equipment is working normally and producing at full strength." This was determined by the characteristics of the use of oilfield fixed assets: 1. The oilfields are located in places like the Gobi wastelands, and many are in saline areas. Thus, there is severe corrosion of the installed facilities and equipment; 2. Much work is done in the open and the equipment is moved frequently, thus equipment is easily damaged; 3. Use-life is restricted by the period of time underground resources have been extracted. The natural pattern in oilfield development is that in the early period a greater volume of oil is produced, while in the latter period the output gradually declines. When an oil well finishes producing, the well and associated collection and transport systems all lose their use value. Only by speeding depreciation will it be possible to guarantee the renewal demands of oilfield fixed assets, and satisfy the development needs of the oil industry. We must give full consideration to these aspects when we are readjusting the price of crude oil. Primarily, we must guarantee that oilfield enterprises can retain depreciation funds in accordance with existing state regulations. As to the existing state depreciation methods, these need to be further perfected in accordance with the characteristics of the oil industry.

3. In deciding on the price of crude oil, we must ensure that oilfield production maintains a certain profit level and that the enterprises maintain necessary profits. This question can be studied together with planning for the tax system. For example, there presently are two levels of crude oil product tax—12 percent and five percent. In accordance with the principle of having one tax rate for the same product, the tax rate should be standardized at



5 percent. Resources tax currently is implemented on the basis of quantity, and thus there is a wide variation in quality. This should be readjusted and levied in accordance with the state-stipulated principle of "setting tax rates in accordance with profit rates". Plans for the level of profits to be retained by enterprises will depend on many factors, including the resource conditions of the oilfield, prospecting and development conditions, credit conditions and changes in external market conditions, and there will be a need to carry out comprehensive research into this question.

4. The problem of the transition from the existing dual-track system to a single-track system: Our final goal should be to have the price of crude oil move toward the international price, and to have pricing based on quality. The present dual-track system of pricing has many problems. It cannot reflect the real supply-demand situation and cannot really play a role in regulating the market. At the same time, there is a price differential between the cheap-price oil and negotiated-price oil. Thus it is easy for confusion to occur in the circulation process and it gives opportunities for criminal elements to take advantage of. Of course, in the transition to a unitary system, there is the question of the ability of the state's finances to bear the pressure. In response to this concern, we might consider readjusting the price of crude oil in two steps: The first step would be to resolve the prospecting investment recovery problem and guarantee the funds necessary for the maintenance of an oilfield's simple reproduction, so that enterprises have the necessary level of retained profits. The second step would be to readjust the price to the level of the international oil price. In concrete implementation, this could be combined with improving the industrial crude-oil output volume contract measures. At present, the contract base figure is over 100 million tons. If each year 20 million tons of low-price oil is converted into high-price oil, by the end of the Eighth Five-Year Plan, the entire oil base figure will have been converted. This will complete the transition from dual-track pricing to single-track pricing.

#### Article Urges Natural Gas Price Reform

HK2210102790 Beijing JINGJI GUANLI in Chinese  
No. 8, 8 Aug 90 pp 29-30

[Article by Du Yonglin (2629 3057 2651) and Zhang Yuqing (1728 3768 3237), edited by An Luming (1344 6424 2494): "The Price of Natural Gas in Our Country Urgently Requires Readjustment"]

[Text] Natural gas is a clean fuel and an important raw material in the chemical industry. In 1987, natural gas comprised 19.9 percent of the world's primary energy consumption structure. In our country, the figure was only 2.1 percent of the primary energy structure, far less than the average world figure. This is not because our country lacks natural gas resources, but is related to our

policies and measures. As the price of natural gas has always been low, it has restrained the development of the natural gas industry.

#### The Situation of Our Country's Natural Gas Resources and Prospecting

Some experts have predicted that by the end of this century, the proportion of natural gas in the world's primary energy structure may reach 30 to 40 percent. Our country has the geological resource conditions for developing the natural gas industry. According to assessment research into natural gas resources throughout the country by the Ministries of Petroleum Industry and Geology, the natural gas reserves total 26 to 33 trillion cubic meters. However, current verified natural gas reserves (including oilfield associated gas) are only 1 trillion cubic meters. This is only three percent of estimated reserves, lower than the world average for verified natural gas reserves (37.1 percent to 41.6 percent). Thus we can see that there is great potential to be tapped. The actual prospecting situation also shows this. During the Seventh Five-Year Plan period, there were new natural gas discoveries in the Sichuan, Qaidam, Songliao, Donghai, Shaanxi-Gansu-Ningxia, and Tarim Basins. The task for increasing known gas reserves during the Seventh Five-Year Plan is likely to be overfulfilled. It is worth pointing out that the completion of the tasks of increasing known reserves of natural gas has been accomplished in a situation in which the natural gas price is quite low.

#### 2. Our Country's Natural Gas Price Has Long Been Too Low

Our country's natural gas price has long been too low and the price has been divorced from its value. This has been a major factor affecting the development of our country's natural gas industry. At present, the price of each cubic meter of cheap natural gas ranges from 0.08 to 0.13 yuan. Some small chemical fertilizer plants even use it for free. Calculated in accordance with corresponding calorific value (with each 1,000 cubic meters of natural gas being equivalent to one ton of crude oil), the price of cheap natural gas is even lower than that of crude oil, which has a low price itself. In 1987, the natural gas commodity volume base figure contracts were implemented throughout the country. Production in excess of the base figure can be sold at high prices and the income derived from the differential between the high and low prices has formed a natural gas prospecting and development fund to supplement the insufficient natural gas construction funds. At present, this is a major policy in "using gas to support gas." However, as the present cheap price of natural gas has not yet been readjusted, and this gas comprises 80 percent of the entire commodity volume, the amount of high-price natural gas is small. Thus, relying on the price differential income derived from the high-price gas to raise funds for prospecting and development is a very limited option. Furthermore, these limited funds are difficult to collect. In 1987 alone, more than 40 million yuan was outstanding

in amounts owed to the China Oil and Natural Gas Corporation by various areas.

### 3. The Effects of the Natural Gas Price on the Development of the Natural Gas Industry

As our country's natural gas price is too low, the effects have been very disadvantageous to developing the natural gas industry. This has been manifested primarily as:

A. The enthusiasm of the oil and gas fields for seeking and extracting gas has been affected. The excessively low price of natural gas has meant that production enterprises have long experienced losses and economic results have been poor. The more gas produced and supplied, the greater the loss. Thus oil and gas field enterprises lack the enthusiasm to prospect for and produce natural gas.

B. The appraisal of the economic results of natural gas producing enterprises has been affected. The irrationality of the natural gas price has meant that the appraisals of oil and gas prices field investment results, operational situations, and economic results are not realistic.

C. It has produced dislocation in the sectoral structure of industry. The excessively low price of natural gas has meant that the distribution of social benefits has not been rational, resulting in the profits of natural gas processing sectors being much higher than the profits of natural gas producing enterprises. Although the State Planning Commission and others, a total of three departments, have clearly stipulated the examination and approval jurisdiction limits for the new construction of large and medium-size gas-using industry projects, many areas have not done things in accordance with the regulations, and many new gas-using projects have been commenced without gaining approval. This has led to a situation in which natural gas processing industries have seen a lead development ahead of natural gas extraction industries.

D. It has not been beneficial to conserving energy. The excessively low price of gas has meant that natural gas, as a superior raw (fuel) material has not been utilized efficiently. There is no real pressure on gas-using enterprises, and they are unwilling to actively carry out energy-saving technical transformation, or to take the road of tapping internal potential. This is also disadvantageous to getting oil and gas field enterprises to conserve on what they use themselves so as to increase the externally supplied commodity volume.

### 4. The Price of Cheap Natural Gas Should Be raised as Quickly as Possible

Clearly, the excessively low price of our country's cheap natural gas has seriously affected the development of the natural gas industry. Thus, the price must be raised as quickly as possible. Beginning in 1988, the price of our country's cheap crude oil was raised on three occasions: In 1988, for every ton of crude oil, five yuan of compensated use of reserves fees was retained. In 1989, the use

fees for every ton were raised by another 27 yuan. In 1990, the price of cheap crude oil was raised a further 30 yuan, of which 10 yuan was used to subsidize losses and 20 yuan was for an oil fund. However, there has been absolutely no rise in the price of natural gas, which has a low price and which has seen slow development. In order to speed the development of our country's natural gas industry, and raise the enthusiasm of the oil and gas field enterprises for prospecting for and producing natural gas, it is proposed that the price of every 1,000 cubic meters of cheap natural gas be raised by 62 yuan, to be used for a national natural gas prospecting and development fund, and to be exempted from all taxes. At the same time, it is proposed that during the Eighth Five-Year Plan, in the state's basic construction investment, a special natural gas fund be established so that funds for the development of the natural gas industry can be guaranteed.

### Article Notes Depreciation of Production Funds

HK2210083190 Beijing JINGJI GUANLI in Chinese  
No. 8, 8 Aug 90 pp 4-7

[Article by Chai Shusen (2693 2885 2773): "Attach Importance to the Question of Depreciation of Production Funds"; edited by Shen Zhiyu (3088 1807 3342)]

[Text] Production funds constitute an important material foundation upon which enterprises rely for their production, operation, and survival. Since 1985, prices have been steadily going up in our country while the question of depreciation of enterprise production funds has remained unresolved. This has seriously affected enterprises' technological progress and development stamina. In carrying out economic improvement and rationalization and in deepening reforms, we should conscientiously study ways to resolve the question of the depreciation of production funds. This will be of immense significance in invigorating enterprises, increasing their ability to supply essential products, and ensuring the steady, coordinated, and sustained development of the national economy.

### I. Concrete Expressions of the Depreciation of Production Funds at Present

A. The face value of fixed assets is far below their current value or replacement cost. The reason is that the principle of historical cost, which is currently practiced, takes the original purchase price as the base figure for calculating appreciation or depreciation and does not allow for price rises. Also, the immediate depreciation method currently used in calculating the depreciation of fixed assets has a low depreciation rate of only about five percent. As a result, the gap between replacement cost and original cost keeps widening, making it more and more impossible to meet replacement needs. Statistics shows that between 1950 and 1988, investment in fixed assets in the state sector of the economy amounted to 2,153.8 billion yuan, and the face value of assets taken up by enterprises amounted to over 1,000 billion yuan. Price hikes have caused fixed capital to depreciate. An

estimation based on the face value of assets at the end of 1987 showed that value below replacement cost already exceeded 300 billion yuan.

B. The cost of production materials is distorted and compensation is inadequate. Raw and semifinished materials use up a large percentage of the production funds, usually between 70 and 80 percent. After purchasing the materials, an enterprise usually computes and fixes the current cost of the portion of materials consumed in production using the weighted method or the first-in/first-out method on the basis of the original purchase price. As prices steadily go up, the huge gap in the necessary funds for replacement will make it difficult for material costs to be replaced in full in subsequent production.

C. While the wage cost per unit of output and other production and management costs steadily go up on account of price hikes, these factors are not taken into consideration when product cost is computed. Neither is future cost compensation taken into consideration. Because the wage cost per unit of output and other production and management costs are fixed at too low a level, the question of insufficient compensation again arises.

## II. Reasons for the Depreciation of Production Funds

The main reasons for the depreciation of production funds are as follows: First, inflation has forced prices up. Second, the historical cost method is still used in the measurement and preparation of accounting information, and necessary adjustments are not made in light of price fluctuations. It also has something to do with the fact that we have long neglected the need to attach importance to studying and resolving this question.

A. Before the reform and open policy was implemented, prices were quite stable in China. Between the founding of New China and 1978, the annual rate of price rise averaged less than 1.1 percent. After the implementation of the reform and open policy, as pricing restrictions on most commodities were gradually lifted, prices began to fluctuate and go up. This was especially the case after 1985. In 1988 and 1989, the rates of price rise registered double-digit figures (18.5 and 17.8 percent). Due to inflation, revenue from goods sold cannot compensate the capital cost of production.

B. Seen from the measurement and preparation of accounting information, the existing method of accounting has constant prices as its premise. When calculating product cost and fixing the profit margin of an enterprise, materials consumed are calculated at purchase price, and the appreciation or depreciation of fixed assets is worked out on the basis of the original purchase price. On the other hand, revenue from goods sold is based on the market price at the time they were sold, and profit is determined by pitching the (high) revenue from goods sold against the (low) original cost of the production factors consumed. When prices are stable, cost and profits thus worked out are objective and

verifiable. In times of inflation, however, accounting measurement loses its stable magnitude. This is bound to affect the authenticity of the accounting data. Hence, accounting statements prepared on the basis of historical cost will not reflect the true picture whether the data contained are on capital or on profits.

## III. The Damages of the Depreciation of Production Funds

A. There will be nominal increase in profits and nominal decline in cost. Nominal figures in accounting statements will give the enterprise leadership a false impression, so that they tend to be blindly optimistic and lack a sense of crisis. If this kind of false accounting information is consolidated level by level and reported to the economic management departments or decisionmaking organs at the higher level, policy mistakes will be inevitable.

B. Replacement in kind will be difficult to realize. In order to maintain simple reproduction, an enterprise must replace the value of the raw and semifinished materials, production equipment, and so on employed in production. At the same time, it must also ensure renewal and replacement in kind. Where replacement of product value is concerned, revenue from goods sold must not be lower than the value of product cost. In replacement in kind, the cost value retrieved from sales revenue must be enough to cover the funds expended in the purchase of goods in kind necessary for subsequent production. Under inflationary conditions, replacement in kind is difficult to achieve.

C. There will be a nominal increase in state revenue. A basic reason for the nominal increase in state revenue is that enterprises are reporting their nominal profits. Nominal increases in state revenue lack material guarantee in kind, as they reflect the appreciation of value due to price rise rather than actual increases in material production on the part of the enterprises. The nominal profit of enterprises and the nominal increase in state revenue are also important reasons for the over-distribution of national income and the swelling of investment and consumer demands. If this goes on, inadequate compensation for the depreciation of fixed assets will definitely pose a hidden danger to our future efforts to strike a financial balance.

D. The development stamina of enterprises will be directly affected. The nominal increase in enterprise profit is divided into two parts: One part is handed over to the state as tax, while the other part is retained by the enterprise concerned. A portion of the latter is converted into consumption fund and consumed. In addition, the state also decreed that 15 percent of the depreciation fund should go to the energy and transportation construction fund, while a further 10 percent should go to the state budget regulation fund. A concentrated expression of these measures in the enterprises is that a portion of the production funds is removed from the production process. This reduces the percentage of their own funds



and increases the percentage of bank loans in the accumulation funds of enterprises. Ultimately this will lead to a decline in production and will seriously affect enterprises' development stamina.

#### IV. Measures to Counter the Depreciation of Production Funds

A. In order to curb inflation, the fundamental way out lies in keeping prices stable. When prices are kept stable, there will be no need to worry about the depreciation of production funds. Keeping prices stable is also an important aspect of our task of economic improvement and rectification and deepening the reforms. Through economic improvement and rectification, obvious successes have been achieved in curtailing investment in capital construction, controlling the over-issuance of money, and stabilizing prices. However, since price hikes still run into double digits, the effects of the depreciation of production funds still have not been eliminated. Thus we still cannot relax our work in this regard.

B. At present, we should focus our attention on reforming the system of accounting and eliminating the effects of inflation. The common practice in the West is: When the annual inflation rate exceeds five percent, inflation accounting will be considered so that adjustments can be made. Inflation has been raging in China for five years, since 1985. Although the momentum of price hikes showed a marked downturn at the end of 1989, the following three factors must not be overlooked: 1) In 1989, price hikes were still registered at 17.8 percent. 2) As the pricing structure is still not rational, readjustments will still have to be carried out. This will push prices up (rational increases). 3) The sphere of circulation is in a state of confusion and is still the hotbed of profiteering and arbitrary price hikes. Hard work and time are still needed to control the extent of price hikes to within five percent. As things now stand in China, the method of inflation accounting must be adopted to eliminate the effects of inflation. The reasons are as follows: 1) This can help safeguard production funds against inflation, and will help increase enterprises' development stamina. 2) This can help keep the socialist state-owned assets intact. 3) This is in keeping with the Marxist-Leninist spirit of proceeding from practice in everything and seeking truth from facts. 4) This can help safeguard the principle of the authenticity of accounting.

How should accounting be reformed in order to eliminate the effects of inflation and to safeguard production funds against depreciation? In my opinion, we should pay attention to the following two tasks:

First, we should get a clear picture of the basic factors that affect accounting. Through analysis, it is not difficult to discover that two major factors are affecting accounting. The first factor is the measuring basis that reflects changes in the magnitude of value of the stock itself; and the second is the measuring unit that reflects fluctuations and changes in per unit quantity of money.

Eliminating the effects of inflation simply involves a choice between two options: Either change the measuring basis in accounting or change the measuring unit in accounting.

Second, in adopting the method of inflation accounting, we must take our national conditions into consideration and see to it that the measures are feasible. Seen in terms of the basic factors that are likely to affect accounting, there are two basic approaches in inflation accounting.

(1) The method of stabilized accounting. One of the characteristics of this method is that it still takes the traditional practice of historical cost accounting as the valuation basis. It does not upset the existing accounting procedure, and only makes adjustments in certain items and figures in the accounting statements. In other words, all final assets, inventory and other investment items purchased at different periods and listed in the statements are adjusted in light of the correlation ratio between the general price indexes when accounts are closed and the general price indexes at the time of purchase, and converted into end-of-term constant prices. This method can reflect changes in the general price level, and the data shown in the statements will reflect the same purchasing power and comparability. According to this method, the formula for the adjustment and conversion of non-monetary items is as follows:

Yearend value in RMB of a certain project	=	price index at year end price index at project start	x	actual cost (original cost)
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With regard to monetary assets, the losses or gains derived by an enterprise from monetary assets held, as well as liabilities, both must be worked out.

The crux of the problem is that in calculating the annual profits of an enterprise, it is necessary first of all to allow for losses and gains incurred as a result of price fluctuations so as to eliminate the effects of currency depreciation due to inflation.

(2) The method of replacement cost accounting. One of the characteristics of this method is that it no longer takes the traditional practice of historical cost accounting as its valuation basis. Instead, replacement cost, which has current cost as its measuring basis, is adopted to suit the changing price situation that objectively exists. In this method, the measuring unit remains constant, but all accounting records and the accounting statements produced on the basis of these records have current cost as their measuring basis. After being duly adjusted according to current cost, the balance of the original value of assets held is to be treated as "profit and loss on assets held" rather than as part of the profit (or loss) derived by an enterprise from its production and operating activities.

Marx pointed out: The cost price of commodities must be able to continuously buy back various production factors consumed in commodity production. In light of

the actual conditions in China, the following measures are recommended as safeguards against the depreciation of production funds and for ensuring the reproduction capacity of enterprises:

- (1) The face value of fixed assets should be reappraised according to current cost.

A nationwide screening and evaluation of assets as carried out in 1951. After the implementation of the reform and open policy, some enterprises also reappraised their assets when they decided to adopt the contract, leasing, or shareholding systems; form mergers; or amalgamate. However, the majority of enterprises have never carried out reappraisal of any sort. At present, the phenomenon where different values are applied in the calculation of fixed assets is prevalent to a serious extent. In order to overcome problems like the inflation-distorted face value of assets and the shortage of replacement funds, it is necessary to carry out another unified reappraisal of assets on a national scale. The reappraisal must be carried out in an organized, well-led, and unified manner. Before the reappraisal, we must conduct meticulous investigations and studies to ascertain the effects of the reappraisal on state revenue, as well as how state revenue can endure such effects. During the reappraisal, the departments in charge of state-owned assets should work out unified reappraisal standards, principles, and methods and should impose guidelines and restrictions by means of legislation to prevent confusion. After the reappraisal, enterprises may, of their own accord, make year-end adjustments each year in accordance with the price indexes published by the state.

- (2) The relevant data in the accounting statements should be adjusted by means of stabilized accounting.

The specific method is: The value of assets after the unified reappraisal is to be taken as the base figure. There is no need to make any changes in the routine accounting models, procedures, and methods or in the form of accounting statements currently used. All we have to do is to prepare a separate table of adjustments in addition to the accounting statements. In this table, both non-monetary and monetary assets will be converted into end-of-term constant prices according to the price fluctuation indexes published by the state. A comparison between the adjusted figures and the face value will show the extent of the current effects of price fluctuations. After this, the profits realized as shown in the statements are to be adjusted against the amount appreciated due to price hikes to reflect the true situation of an enterprise's production and operation, that is, whether it is making a profit or running at a loss. A downward adjustment of profits will be accompanied by a corresponding increase in "production funds." Allowance should be made in nominal profit for dummy figures of profit and loss produced by price fluctuations before taxation and after-tax redistribution are to be taken care of. In view of the current financial difficulties, a more flexible interim approach may be adopted of

letting the state decide whether such allowance should be given in full, in part, or not at all.

The advantage of this method is that it can maintain relative stability because it does not involve any change in the current method of accounting. Accounting personnel will find it easy to accept and operate. The state and the enterprises will have a clear picture of the true situation of profit and loss and will have clearcut goals for which to strive. It is also conducive to correct decisionmaking.

## V. Two Ideological Problems That Need Clarification

A. Is inflation accounting a method unique to capitalism? Some of our comrades tend to associate inflation accounting with capitalism. They either are not interested in studying and adopting the method of inflation accounting, or do not attach sufficient importance to this method. Actually, under the commodity economy, price fluctuations are unavoidable due to variations in the economic structure and changes in the supply-demand relationship. Inflation is the foundation and premise of inflation accounting. As long as there is inflation, there is the objective necessity to consider adopting the method of inflation accounting in both capitalist and socialist countries.

B. Will state revenue be affected after measures have been taken to safeguard production funds against depreciation? My views are as follows: 1) Through implementation of the abovementioned measures to eliminate the effects of inflation, remove false billings, and adjust the profits of enterprises downward, state revenue definitely will be affected. 2) Whether we are proceeding from the interests of the state or from the need to defend the authenticity of accounting and promote the steady development of the national economy, we must conduct serious investigations to ascertain the extent of the effects and the ability of the state financial departments to endure such effects. We must handle this matter with great care and must not act blindly. 3) From the overall and long-term perspective, measures to safeguard production funds against depreciation, like saving up money against inflation, hold great potential and have a comprehensive role to play. They will help promote technological progress in enterprises and help enterprises increase their ability to work for their own expansion, expand the intensive form of reproduction, and build up their own accumulation. At the same time, they can lighten the burden of state financial departments in investing in enterprises. Banks can reduce their loans. Moreover, the removal of false billings means that state revenue will have a more solid foundation. In short, the benefits far exceed the drawbacks.

## Measures on Unequal Wealth Distribution Studied

HK2210024990 Hong Kong SOUTH CHINA  
MORNING POST in English 22 Oct 90 p 10

[By Chris Yeung]

[Excerpt] Chinese Communist Party propaganda head, Mr Wang Renzhi said China was studying measures to close the widening gap between the rich and poor.

The leftist ideologue said that the rights and wrongs of an unequal distribution of wealth was one of the eight deep-rooted problems to be tackled by the party leadership.

At a recent meeting, Mr Wang said other problems included relations between the central Government and the regions, the adjustment of product structure, the improvement of the contract responsibility system and reforming the price structure.

He also highlighted the problems of the wage system and the social security scheme.

Although Mr Wang also named the implementation of an economic structure that combined central planning and market-oriented reforms as another problem, he did not give it a higher priority.

Conservatives and reformist leaders are locked in a heated debate over the pace of market-oriented reforms over the next five to ten years, while regional governments are lobbying for greater autonomy.

But an influential mainland economist, Mr Liu Guoguang warned against over-heating economic development in the regions, according to the *ECONOMIC REPORTER*, issued today.

Following the central policy of opening up Pudong in Shanghai, the vice-president of the Chinese Academy of Social Sciences observed that other provinces were competing with each other by introducing their own privileges for foreign investors to lure investment.

Mr Liu said Beijing had taken note of the "craze" for pioneering new projects.

He said a senior State Council official has earlier cautioned that "regions should take into account their own resources and not blindly develop new projects."

He raised the idea of "regional compensation" to solve the problem of internal competition between regions.

Mr Liu suggested that coastal on luring foreign funds to develop exports, while the less-developed central and western parts should focus on processing industrial or low-end products.

The economic gains in the eastern coastal regions should be siphoned to the hinterland to help develop the regions as a form of "compensation", he said. [passage omitted]

#### **Government Details Aid to Poor Areas**

OW2310102490 Beijing XINHUA in English  
0908 GMT 23 Oct 90

[Text] Nanchang, October 23 (XINHUA)—The Chinese Government will provide industrial goods valued at 1.5

billion yuan to poor areas as a form of relief to help boost local economies and lift people above the poverty line.

Participants in a Nanchang meeting, sponsored by the State Planning Commission, were told that the goods will be provided mainly to economically backward mountainous areas in central, west and east China. These areas are inhabited by people from ethnic minorities who live in compact communities, and the relief will help them improve farm production and raise their standard of living.

In this form of relief, the state will launch construction projects such as highways, bridges and power stations for the local people who will to earn the goods and increase income by providing labor.

According to the plan, by the year of 1992, over 6.28 million people and 3.41 million domestic animals in these areas will have access to clean drinking water. In addition, over 207,000 hectares of mountain slopes will become terraced fields, 236,000 hectares of low-yield farmland see increased production, and hydroelectric power stations with a combined power generating capacity of 214,000 kilowatts will be constructed. More highways and bridges will be built or expanded to meet the needs of economic development.

According to remarks made in the meeting this is the third time since 1984 that China has provided this form of relief, and it is the most efficient way to help poor areas improve conditions.

One example of the benefits is the southern Ningxia Hui Autonomous Region, which was hit by a severe drought in 1987 causing a reduction in grain production. The region received this type of relief and over 2,000 households in two townships participated in building highways. Each laborer was able to earn 168 yuan that year.

This type of state work relief has enable poor areas to build 113,000 kilometers of new roads, 7,200 bridges, and has provided 15.61 million people and 10.41 million domestic animals with clean water to drink.

#### **Poor Areas in Northwest China Shake Off Poverty**

OW2110142790 Beijing XINHUA Domestic Service  
in Chinese 1609 GMT 20 Oct 90

[By reporter Feng Cheng (7458 6134)]

[Text] Lanzhou, 20 Oct (XINHUA)—Heartening news has spread from north-west China: Thanks to the concern and support of the party Central Committee and State Council, after eight years of development, the central part of Gansu Province and the Xihaigu area in Ningxia, which used to be the poorest region in China, have essentially solved the problem of food and clothing for most of the people there.

This reporter has learned from a conference held by the State Council in Wuwei Prefecture, Gansu Province, on the work in the "Three West" area, that 60 percent of the



people in this area have initially solved the problem of food and clothing, and 30 percent are basically capable of having food in normal years. The phased plan to "stop destruction of vegetation in three years, and basically solve the problem of food and clothing in five years," which was drafted in the early years of the "Three West" project, has been successfully accomplished.

The 20 counties in central Gansu, represented by Dingxi, and the eight counties in Xihaigu, located in southern Ningxia, belong to the furrowed areas on the loess plateau. With their extremely poor agricultural conditions, these areas were hit by drought in nine out of 10 years, and reaped lean harvests despite extensive farming. For years, the overwhelming majority of the more than 7 million people in these areas lived by "resold grain and relief funds." They were the largest tract of poor area in China.

At the end of 1982, the party Central Committee and the State Council designated Dingxi, Xihaigu, and the Hexi corridor, with its flat land and better irrigation facilities (the "Three West" area in short), as a key state project for regional agricultural development. They decided to annually appropriate 200 million yuan in support of the project, and determined the phases of development; namely, "stopping destruction of vegetation in three years, basically solving the problem of food and clothing in five years, and consolidating achievements and raising standards in two years."

Statistics show that in the past eight years, total agricultural output value and grain output in the "Three West" area have increased at an annual rate of 10 and 5.2 percent respectively. In 1989, as compared with 1982, total grain output of central Gansu and the Xihaigu area rose to 2 billion kg from 955 million kg, a twofold increase; and per capita grain output was 270 and 250 kg respectively. This year the two areas are again expecting a bumper harvest. While per capita net income of peasants in 1982 was only a little over 70 yuan, it will exceed 300 yuan this year.

The "Three West" area, with its difficult natural conditions, has been able to score such tremendous and historical achievements in a short period of eight years. According to some leaders, experts, and scholars in agricultural development, this is the result of the state's vigorous support in the form of special designated funds, and is attributed to the perseverance and hard work of the cadres and masses there. One other crucial point is that the cadres and masses there have found a way to shake off poverty and achieve prosperity that matches local actual situations; that is, they have planted grass and trees to improve the ecological environment; built and repaired irrigation facilities to improve the conditions for production; and, in deep mountainous areas where survival is threatened by serious droughts, adopted the methods of switching development efforts to other areas and relocating residents by the village. In addition, the various localities have also vigorously developed village and town enterprises, arranged for the

outflow of the labor force, readjusted the production structure, and opened many other new avenues toward prosperity. As of 1989, output value of village and town enterprises in the "Three West" area reached 2.8 billion yuan, almost 16-fold increase as compared with 1982.

#### Minority Areas Benefit From Coastal Development

OW2010032090 Beijing XINHUA in English  
0227 GMT 20 Oct 90

[Text] Beijing, October 20 (XINHUA)—China's eastern coastal regions have achieved great progress in their economic development in the past decade and more due to the reform and opening to the outside world, and at the same time, ethnic minority areas immediately behind the developed coastal regions have benefited from their experience and assistance in pushing up their economies.

These areas are in the provinces of Guangdong, Hainan, Henan, Hubei and Hunan, and include the whole of the Guangxi Zhuang Autonomous Region, which are inhabited by 50 minority nationalities. The minority population stands at 30 million, accounting for one-third of the total minority population nationwide.

Statistics show that last year the total industrial and agricultural output of the 49 poor counties and cities in Guangxi reached 5.524 billion yuan, up 16.05 percent over 1985.

To boost local economy and make full use of its natural resources, Bose Prefecture in western Guangxi carried out preferential policies to attract capable personnel [from] other parts of the country and to import technologies.

In recent years, about 980 professional technical workers went to work in the prefecture. A total of 159 technical projects were imported in the meantime.

Minority areas have set up cooperative relations with other parts of the country.

Luo Tianming, party secretary of the Tujia-Miao Autonomous Prefecture of Xiangxi (western part of Hunan Province), said that in 1989 the prefecture reached 33 agreements on economic cooperation with Shanghai, and ten agreements with Guangzhou.

#### Campaign to Help Poor Succeeds in Rural Areas

OW2210114990 Beijing XINHUA in English  
0847 GMT 22 Oct 90

[Text] Chengdu, October 22 (XINHUA)—Cheng Jianxiu, a peasant woman living in one of the poorest parts of southwest China's Sichuan Province never dreamed she would have 10,000 yuan (about 2,000 U.S. dollars) in bank savings five years ago.

But this year her eight-member family earned 14,000 yuan from tobacco and grain production, while an average worker in China can earn only about 1,700 yuan a year.

Cheng's family, however, is only one of thousands in the Wuling Mountains area benefiting from the Help-the-Poor campaign launched by the Chinese Government in 1986.

Covering an area of 90,000 sq km, it includes 43 counties in southwest China's Sichuan and Guizhou provinces and central China's Hunan and Hubei provinces. It is the second-largest poverty-stricken area in China.

In 1986 the population there, mainly Tujia, Miao, Dong and some other ethnic minority nationalities, accounted for less than one percent of China's 1.1 billion population. Yet, the number of people living in dire poverty accounted for six percent of those of the entire country.

According to a survey conducted recently by China's Ministry of Agriculture, more than 81.5 percent of the local people now have enough food and clothes, and the percentage of the population still living in poverty in the area decreased to 18.5 percent from 55 percent of the total population in 1986.

The area's total output value this year increased by 48.68 percent over that of 1986 and the annual net income of the average peasant increased by 33.47 percent.

Since 1986 the central government has been providing the people in the area with 160-200 million yuan in interest-free or low-interest loans each year to promote advanced planting and breeding technology, and help the local people develop the processing industry and provide various agricultural services.

Thanks to the government's efforts, the annual revenue of the Xiangxi area in Hunan Province has increased by 151 percent in the past five years. And the average net income of the local peasants has increased to 438 yuan.

Meanwhile, the revenue of Tongren Prefecture in Guizhou Province has been tripled in the past five years. And the net income of local peasants increased by an average of 65 percent.

The five-year campaign to help the poor has not only provided the local people with enough food and clothing, but also improved the conditions for agricultural production and laid a solid foundation for the area's future development, according to an official of the Ministry of Agriculture.

#### **Chen Junsheng Outlines Grain Reserve System**

HK2210034390 Beijing RENMIN RIBAO in Chinese  
8 Oct 90 p 5

[Article by staff reporter Chen Jian (7115 0256): "Stabilize Production, Strengthen the Country, and Enrich the

People—State Councillor Chen Junsheng Speaks on the State's Special Grain Reserve System"]

[Text] Currently the joy over the increased grain production and the worry about "difficulties in selling grain" simultaneously exist side by side. It is unrealistic to say in a summary fashion, however, that now the amount of grain in our country has multiplied. This argument is harmful. In our country, total grain demand will surpass total grain supply for a long time. The state's special grain reserve system is worked out against this background.

Reporter: The recent decision by the State Council to set up a special state grain reserve system has aroused the attention of people in all quarters of society, particularly the broad masses of peasants. Will you say something about the background of the adoption of the important decision?

Chen Junsheng: Establishing the state's special grain reserve system is the objective need of the realities in the country's grain production and its national condition.

The country reaped a bumper harvest in grain production last year. Stockpiles of summer grain and early rice this year have increased compared with last year. Autumn grain is doing well. Grain production throughout the year will very hopefully reach or exceed 420 billion kg. While people feel gratified at the expected bumper harvest in agriculture, the new situations expected to emerge following the bumper harvest, such as "difficulties in selling grain," "difficulties in storing grain," and "difficulties in transporting grain," will further puzzle the government and the peasants. Some major grain-producing areas summarized the situation as the government having "three worries" and the people having "three fears." The government is worried that having inadequate funds to purchase grain, it will lose the peasants' confidence if it purchases their grain in the form of IOU slips; that if financial subsidies are increased, the government will find it difficult to withstand them; and that having inadequate storing and stoving facilities, the government will find it difficult to purchase and store grain. On the part of the peasants, they fear that grain prices will keep on falling; that their grain cannot be purchased in time; and that they will receive nothing but IOU slips when their grain is purchased. This is the current state of affairs. The peasants' income did not increase and even dropped at a time when bumper crops were harvested. According to a survey of 29 provinces, autonomous regions, and municipalities conducted by state departments concerned, the per capita real income of the peasants in the first half of this year was four percent less than in the corresponding period last year. The more grain purchased by grain-handling enterprises, the greater the losses and the heavier the burdens. This being the cases, they are reluctant to purchase more grain. Increases in grain output will add burdens, rather than bring any benefits, to local financial departments. If the abovementioned problems are not solved promptly, they are bound to

hamper the sound social and economic development in the rural areas. We must not treat this issue lightly.

In the final analysis, has the amount of grain in our country multiplied or diminished? Thanks to two consecutive years of bumper crops, the country really has more grain than in the past. Nevertheless, it is unrealistic to say in a summary fashion that now the amount of grain in our country has multiplied. This argument is harmful. Even though our grain output has reached 420 million kg, the per capita grain possession is just about 369 kg, 25 kg less than in 1984. In terms of the local situation, in particular the situation of major grain-producing provinces, the amount of grain has indeed somewhat multiplied. The situation differs, however, from place to place in the country. The same is true of the major grain-producing provinces. Localities really able to ship grain to other parts of the country are few. Therefore, either from the immediate or long-term point of view or from the overall point of view, our country's total grain output is inadequate. Therefore, the task of grain production will be very arduous for a considerably long period to come. We must have a sober understanding of this question and on no account must we be unrealistically optimistic.

It is precisely against this backdrop that the State Council made the decision to set up the state's special grain reserve system.

In terms of the current situation, the special grain reserve system is of great significance in effectively eliminating difficulties in selling grain and strengthening the ties between the government and the people. In terms of broader aspects, it also has a great significance in stimulating rural markets, getting rid of market sluggishness as a whole, promoting the sound development of the national economy, and consolidating the overall situation of stability and unity. Therefore, it is a strategic measure for strengthening the country and enriching the people rather than a makeshift measure.

Reporter: It seems that the government is most determined to pay close attention to grain production. Will you explain in greater detail the main contents and significance of the system? Chen Junsheng: The main contents of the major policy decision of the State Council are as follows: First, all surplus grain in the hands of the peasants will be determinedly purchased at the state-announced protective prices whether the purchases are made earlier or later so as to fully meet the needs of the peasants who reaped bumper crops. In accordance with the output reported from various parts of the country, it is planned first to purchase 17.5 billion kg of grain at negotiated prices this year. Second, purchasing funds will be guaranteed. The funds for purchasing the special grain reserve for the state will be loaned by the People's Bank, and their interest will be paid by the central financial departments in the form of deductions. Third, numerous channels will be adopted to solve the storage problem. At present the country's real stockpiles of grain and oil have greatly surpassed its

storage capacity and about 26.5 billion kg of grain had to be stored in the open. The State Council has decided to allot additional special funds for building granaries. Fourth, efforts will be made to work out rules and regulations, strengthen organizations, and offer better guidance. The State Council has decided to set up a State Leading Group for Special Grain Reserves. Meanwhile, a State Grain Reserve Bureau has also been established to take charge specifically of the implementation and improvement of the system. That the state is very determined to set up the system is a great pioneering undertaking in the history of modern agriculture in our country. It will enable the peasants not to have to worry about difficulties in selling grain anymore and also help protect their enthusiasm for production and lighten the pressure on local financial departments and grain-handling enterprises. More importantly, it will help boost the state's capability to regulate and control grain in macroeconomic terms and enable the state to do a good job in regulating grain distribution in good and lean years and make good arrangements for the people's livelihood. Moreover, with their grain purchased, the peasants will have more income in cash. This is of great, immediate significance in stimulating rural markets, getting rid of market sluggishness, and promoting the prosperity of the countryside and the national economy. This being the case, the state's special grain reserve system is neither a makeshift measure nor devised exclusively for grain production. It is a strategic measure of far-reaching significance for strengthening the country and enriching the people.

Implementation should be grasped even if there is a good policy. The question of grain, which has an impact on the interests of many quarters in society, is a painstaking and careful task. We should never neglect it. The current focus of work is to do a good job in purchasing grain so that the peasants will not be hurt by low grain prices.

Reporter: Many comrades doing rural work whom I contacted expressed enthusiastic support for the system and regarded it as a good policy really able to keep the rural areas stable and prosperous. Nevertheless, some comrades were worried whether the good policy would be implemented as it should be. As head of the State Leading Group for Special Grain Reserves, what are your views on this issue?

Chen Junsheng: It is true that even though there is a good policy, a solid job is still required to implement it. The question of grain involves a wide range of aspects and needs a lot of painstaking work. We should never neglect it. At present, main efforts should be focused on the following aspects of work. First of all, priority should be given to grain purchasing work. Governments at all levels should purchase grain at both government prices and negotiated prices and ensure that funds are secured and not held and used for other purposes than grain purchases and that the need of the peasants to sell surplus grain is met. In the special grain reserve work, priority should be given to supporting major grain-producing areas. For this purpose, the special grain



reserves of all localities must come from the surplus grain of the peasants. It is resolutely prohibited to slate the old grain which was purchased at negotiated prices and is currently kept in storehouses as grain for special reserves.

What needs special stress here is that no localities shall purchase grain for the state's special reserves at prices lower than the state-set protective prices so that the peasants will not be hurt by lower prices. No one shall purchase grain with IOU slips or refuse or limit grain purchases. At a time when the state has financial difficulties, it has spent these large amounts of funds purchasing the peasants' surplus grain. This shows that the party and the people's government are concerned about the broad masses of peasants and attach great importance to agricultural production. We have no reason for not going all out to make every effort to ensure the work's success.

Of course, with the establishment of the state's grain reserve system, it is impossible to solve all grain problems overnight. Commercial departments should bring their role into play as the main channel and reservoir within their powers. Within the limits permitted by state policies, grain should be allowed to be handled through numerous channels to smooth out circulation, and a vigorous grain production and circulation system should be established to guarantee the sustained, stable, and coordinated development of the national economy.

#### State Council Approves Afforestation Plan

OW2210114690 Beijing XINHUA in English  
0918 GMT 22 Oct 90

[Text] Beijing, October 22 (XINHUA)—China plans to plant over 57.16 million hectares of trees in the 12 years before 2000, pushing the country's forest coverage from 12.98 to 17.1 percent.

According to a national afforestation plan recently approved by the State Council, China is ready to concentrate on the construction of timber bases and five shelterbelts. These areas will be similar to the "Green Great Wall" in the 13 northern provinces, and the shelterbelt which covers nine provinces along the upper and medium reaches of the Yangtze River.

Economic, fuel and breeding forests are the top priority of the afforestation plan.

The State Council called on localities to "give necessary support to afforestation by offering preferential policies and providing more investment" to speed implementation of the nationwide afforestation drive.

#### Gao Dezhan Stresses Forest Resource Management

OW2210142490 Beijing Domestic Service  
in Mandarin 2230 GMT 19 Oct 90

[From the "News and Press Review" program]

[Text] At a recent national conference on forest resources and forest administrative work, Minister of Forestry Gao Dezhan pointed out that during the Eighth Five-Year Plan period, priority should be given to forest management in order to put an end to the long-standing situation in which supply has surpassed production for many years and to achieve a balance in consumption and production.

A survey of the amount of forest resources consumed in the past few years and an analysis of their structure throughout the country show that the main pattern of consumption of China's forest resources at present is commodity timber, timber used by peasants, and timber used as fuel. However, for a long time the quota on tree felling imposed by the state each year only applied to commodity timber. The other two types of timber, which accounts for one third of the consumed forestry resources, have not been put under control.

Gao Dezhan said: Henceforth, restricting the felling of commodity timber and timber production should be integrated. We have to control the felling of commodity timber and at the same time to strengthen planned management and quota management. The felling of collective forests run by peasants on contracts and the felling of trees on plots of hilly land farmed by peasants for their personal needs must be strictly controlled so that no felling is allowed without a permit. Industrial units and sideline production units using timber as fuel must be streamlined. A system should be instituted in which permits to use timber as fuel must be obtained, and supply of timber should be planned according to quota.

#### Chang Jiang Afforestation Proceeding Well

HK2210064790 Beijing RENMIN RIBAO in Chinese  
15 Oct 90 p 1

[Dispatch by reporter by Gao Baosheng (7559 0202 3932): "The Cultivation of Shelter Forests in the Middle and Upper Reaches of the Chang Jiang Is Being Speeded Up"]

[Text] Upon the formal approval of the State Council for the implementation of the program on building the Chang Jiang shelter forest system, 145 counties in charge of harnessing the middle and upper reaches of the Chang Jiang immediately went into action. Millions of people along the river basins from the Wu Jiang and the Jinsha Jiang on the Yunnan and Guizhou Plateaus to the upper Chang Jiang mainstream devoted themselves to afforestation projects, bringing about an unparalleled tree-planting fervor on these river banks.

According to statistics of the relevant department, these 145 counties had carried out 8.53 million mu of afforestation by the end of August, accounting for 85 percent of the annual plan. Of this acreage, 3.2 million mu was undertaken with investments by the relevant construction departments.

The construction of the shelter forest system in the middle and upper reaches of the Chang Jiang, which focuses on restoring and improving forest vegetation, involves 145 counties in nine provinces. Under the first-phase project, which starts this year, 100 million mu of forests will be planted in 10 years to gradually form a shelter forest system comprising a great variety of trees. This will initially stop the deterioration of ecological conditions along the Chang Jiang.

A prominent feature of the construction of the Chang Jiang shelter forest system is the attention and efforts of leaders at all levels. A meeting of Standing Committee members and governors was held in Yunnan Province to discuss construction problems and set detailed requirements. In Hunan, provincial, prefectural, and county leaders signed responsibility agreements to ascertain the implementation of tree-planting plans. In Zhaotong of Yunnan, Nanchong of Sichuan, and Ankang of Shaanxi, leaders take personal charge of afforestation, thus vitalizing the entire tree planting. In Ankang Prefecture, about 800 leaders have carried out afforestation in 357 areas.

The Chang Jiang shelter forest construction relies on society for funds investment and on the masses for labor investment. Localities pay attention to bringing the peasants' initiative into play and to mobilizing the masses by various means so that each family has a clear idea of the target, task, and significance of afforestation. Thus the masses have shown unprecedented enthusiasm in making labor investment. In a short span of several months, 40 million workers participated in shelter forest planting along rivers. In July, the Hengnan County party committee secretary led 1,362 office cadres in planting trees on mountains together with 212,000 peasants. In half a month, they leveled 100,000 mu of land for tree planting. In September, 200,000 people in Ruijin County, Jiangxi Province, spent 20 days leveling 200,000 mu of land for tree planting in the autumn.

In the course of building the Chang Jiang shelter forest system, all localities pay attention to invigorating forestry by science and technology and to running training courses for the masses so that they are familiar with relevant skills, to raise the survival rate and increase the percentage of trees meeting the standard. Zhaotong Prefecture has cited 41 models of growing saplings, 46 models of leveling land for tree planting, and has run some 70 on-the-spot training courses with 25,000 people taking part, thus improving the peasants' skills. Now many localities will not proceed with any project without a design, will not allow the delivery of substandard saplings, will not plant trees on lands roughly prepared, and will not accept substandard afforestation, the purpose being to ensure afforestation quality. Verification by the relevant department suggests that various localities have registered a survival rate of 85 percent in their tree planting, which covers 90 percent of the areas to be afforested.

A comrade from the leading group in charge of the Chang Jiang shelter forest construction under the Ministry of Forestry told this reporter that the Chang Jiang shelter forest project is proceeding with a good momentum except for some imbalance in development. Some localities cannot adapt themselves to the demands for large-scale construction projects; others cannot coordinate regulations, technological management, and management over projects; still others cannot ascertain the supply of the relevant funds, thus affecting the progress of construction.

#### Commentator's Article

HK2210064990 Beijing RENMIN RIBAO in Chinese  
15 Oct 90 p 1

[Commentator's article: "Another Magnificent Achievement in Afforestation"]

[Text] The large-scale construction project of the Chang Jiang shelter forest system is now proceeding in an all-around way in 145 key counties after years of preparation. This is another magnificent achievement in China's afforestation subsequent to the shelter forest projects in the three northern provinces of the country.

The Chang Jiang is biggest river in the country and is one of the origins of the 5,000-year-old Chinese civilization. The Chang Jiang Basin is vast and rich in resources. Cities and towns are densely distributed in this thickly inhabited area. Its economy occupies an important position in the national economy. Some problems worthy of attention have also arisen at a time when this river is playing the role of a "golden channel." Years ago experts appealed that the "Chang Jiang might possibly become a second Huang He." This was not to frighten people. Due to years of human destruction, forest vegetation has decreased in the middle and upper reaches, soil erosion is serious, and natural disasters have become increasingly serious in the Chang Jiang Basin. Soil erosion in the entire river basin rose from 360,000 square km in the 1950's to 560,000 square km in the 1980's, accounting for 36 percent of the country's total soil erosion. Its annual soil erosion amounts to 2.24 billion tons, equivalent to a loss of 8.3 million mu of 30-cm-thick farmland. Rocks have been revealed above water in many river sections, and this is expanding at an annual rate of five to seven percent.

In this crucial situation, the state decided to build a shelter forest system in the middle and upper reaches of the Chang Jiang. According to the Chang Jiang shelter forest construction program approved by the State Council, the forest area will be increased by 300 million mu in 30 to 40 years, to form a scientifically distributed, rationally structured shelter forest network. Under the first-phase project, 100 million mu of forests will be planted from this year until the end of this century, to initially improve the ecological environment in the Chang Jiang Basin. This project involves a wide range of aspects, a long construction period, and large afforestation areas. We must mobilize and organize hundreds of

millions of people in the construction of the Chang Jiang Shelter forests. We must relentlessly build a new green shelter along the 10,000-li Chang Jiang by relying on socialist superiority, by adhering to policies in bringing the peasants' initiative into play, and through the efforts of several generations.

Successful experiences in many localities suggest that the earnest attention and efforts of leaders at all levels are the key to carrying out construction well. The Chang Jiang shelter forest construction is different from ordinary construction. It is a systems engineering task which requires planning, design, task assignment, and the formulation of measures on the part of various localities concerned. There is a need to follow the planned targets in setting up or improving the shelter forest responsibility system undertaken by government leaders during their terms of office, to hand them down from one term of office to another. Leaders carrying out afforestation in given areas is a good experience gained in recent years and should be popularized in the course of building the Chang Jiang shelter forests. Leaders should take personal charge, go to the grass-roots level, run pilot projects well, and provide good examples so that the entire construction will proceed healthily.

The point of departure for afforestation should be higher in the 1990's. A scientific management system should be established and the quality guarantee system over the growing, transplanting, and protection of saplings

improved. In addition, taking account of the construction needs and the actual situation in local production, it is necessary to sort out, sieve, and popularize the scientific and technological achievements we currently possess, so that they will turn into productive forces as soon as possible. The Ministry of Forestry has now provided rotational training for government leaders of 145 counties who are in charge of afforestation. This is quite necessary. We hope that all localities will do a good job in providing training for their technical contingents.

Despite a very difficult financial situation this year, the state has allocated some funds for various localities. These localities should, in accordance with relevant requirements, prepare adequate supplementary funds for coordination purposes. Local governments and people should be the main component of investors for the Chang Jiang shelter forest construction. Apart from using state subsidiary funds, localities should raise funds by various means, link economic results with investments, bring into play investment initiative in all fields by economic methods, and mobilize the entire society to share efforts in building the shelter forest system.

Building the Chang Jiang shelter forests is a strategic measure to fundamentally improve the country's ecological environment. We believe that, under the kind attention of the party Central Committee and the State Council, under the direct leadership of local party committees and governments, and through the common efforts of forestry cadres, scientific and technological personnel, and millions of people, we will certainly complete this greening project for the happiness of our descendants.



### East Region

#### Shen Daren on Jiangsu's Economic Development

HK2310025090 Beijing JIEFANGJUN BAO in Chinese  
6 Oct 90 p 2

[Report by Sun Zhilin (1327 2535 2651): "Jiangsu Provincial Party Secretary Shen Daren: The Militia Is a Vital New Force for Economic Development"]

[Text] Since the Third Plenary Session of the 11th CPC Central Committee, Jiangsu has had rapid economic development. When 1989 is compared with 1978, in the whole province, total social output value increased 3.39 times; GNP, 2.1 times; and national income, 2.15 times. In a province such as ours, one which is very populous but has very little resources, those great achievements, among other reasons, should be attributed to the militia's important role in economic construction.

There is a large number of militia, who reside in hundreds of thousands of households, and is spread to various trades and businesses; it is a vital new force for economic construction. During rural economic construction and development, the great masses of militia took the lead in publicizing and implementing the party's rural economic policy, in learning and applying science, and in helping the poor to become rich. In the urban factories, mines, and enterprises, the militia's role as the backbone can be seen easily. They are organized, disciplined, capable of making breakthroughs, and skilled in collective actions. In Jiangsu, hundreds of thousands of militia work on the first front for the state's key construction projects, such as the Yangzhi ethylene project, the Huaihai Cement Plant, etc. During rectification and improvement, the great masses of militia and reservists proceeded from the overall situation, helped the state and the enterprises to do the most urgent tasks, shouldered the state's burdens, and overcame difficulties together with enterprises, revealing their revolutionary spirit of courageously accepting duty and of fearlessness when facing difficulty, as well as their broad-mindedness of loving the party and the country.

Recently, the Jiangsu provincial party committee raised two strategic issues: Grasping adjustment of industrial structure and speeding up opening up to the outside world; these issues have a direct bearing on Jiangsu's overall economic situation. At the same time as we mobilize the people in the province to unify their thinking and action, we also call on the great masses of militia in the province to further invigorate spirit, better play the role of a new vital force, and make new contributions to bring prosperity to Jiangsu's economy.

#### Jiangxi To Receive Record Grain Output

OW2310023090 Beijing XINHUA in English  
1543 GMT 22 Oct 90

[Text] Nanchang, October 22 (XINHUA)—East China's Jiangxi Province will have a record grain output of 15 billion kilograms this year, according to the provincial agricultural department.

Jiangxi has good harvests of spring crops and early rice and is expecting a bumper harvest of late rice on 1.3 million hectares.

Since last winter, the province has devoted great efforts to agriculture and millions of farmers have worked to improve irrigation facilities.

The area planted to hybrid rice was expanded by 400,000 hectares this year, which is expected to contribute an increased output of 300 million kilograms.

#### Shandong Popularizes Defense Education

OW2310101990 Beijing XINHUA Domestic Service  
in Chinese 0743 GMT 22 Oct 90

[By correspondents Zhou Jiansheng (0719 1696 3932) and Yu Ruizai (0060 3843 0961)]

[Text] Jinan, 22 Oct (XINHUA)—Shandong Province has achieved remarkable results in conducting defense education in schools in experimental areas. In the past three years, 10 million students have actively participated in "cherish the Army and take military training" activities. The State Education Commission recently popularized its experiences across the country.

The Shandong Provincial Education Commission and the provincial military district decided in 1988 to set up experimental areas where defense education was to be conducted in schools. The selected units were universities, colleges, and middle and primary schools in the three cities of Weifang, Jinan, and Qingdao. They have summed up experiences, made explorations, gradually popularized such experiences, and promoted defense education in schools. To this end, Shandong Province set up a research society for the military education of students and formulated and promulgated "Opinions on the Conduct of Defense Education Among Primary and Junior Middle School Students" and "Provisional Measures for Military Training of Students in Institutions of Higher Learning and Senior Middle Schools." Concrete arrangements were also made for organizing students to receive such training. Military-education textbooks and reference material for universities, middle schools, and primary schools were compiled, printed, and distributed in order to provide a basis on which to conduct such education.

In the past three years, education departments and schools in experimental areas have made serious explorations and done practical work, gaining these valuable experiences: 1) Primary and junior middle schools should introduce defense education, during which such education should be conducted while carrying out regular teaching and other activities. 2) senior middle schools should concentrate on improvement, during which students are to be trained in basic military subjects; such training is to be included in the school teaching administration and the term examination to basically prepare the students for enlisting in the Army, taking entrance examinations for military academies, or

joining the militia or the reserves. 3) universities or colleges are for further improvement, during which students are systematically trained in military theories and skills. Particularly, the number of full-time instructors should be increased, military subjects taken by students should be put on record, and the grades for such subjects should be counted into the total credit points to lay the groundwork for training technical officers for reserve units.

While properly performing work in the experimental areas for defense education in schools, the Shandong Provincial Education Commission and the provincial military district summed up and popularized their experiences. Thus, defense education has been carried out step by step in schools in 134 counties, cities, and prefectures. Now most universities and middle and primary schools in the province have conducted defense education. More than 10 million university and middle and primary school students levels have participated in various forms of "cherish the Army and take military training" activities. According to statistics, the percentage of graduating senior middle school students voluntarily applying for admission to military academies and schools has increased annually over the past several years, and that of youths of the right age enlisting in the Army has reached 96 percent. More than 10,000 military study groups, military science and technology groups, and supporting the Army and giving preferential treatment to Army families groups have been set up in schools in various parts of the province.

### Shanghai Discipline Inspectors Help Government

OW2310101190 Beijing XINHUA in English  
0853 GMT 23 Oct 90

[Text] Shanghai, October 23 (XINHUA)—More than 200 elderly people from different social sectors in Shanghai are working actively as part-time supervisors to ensure a clean and honest government.

In late 1988, the newly established Shanghai supervision bureau invited 14 veteran cadres to become the city's first group of part-time supervisors. Their task was to tighten discipline inspection of party members and government officials at various levels.

Bureau Director Wu Derang once said that these supervisors would never be regarded as simply furnishings, "Their ideas will be fully respected."

Wang Zhiping, one of the part-time supervisors, previously worked as a government adviser in the Xuhui District. When he discovered that a local official in Xuhui District had moved into a luxurious 300,000 yuan (64,000 U.S. dollars) apartment house, he believed it was a case of creating special privilege.

Wang reported the case to the supervisory department, which in turn called in an inspector from the Ministry of Supervision in Beijing to investigate the case. As a result,

the official received disciplinary penalties and was forced to move out of the house.

Part-time supervisors are mostly retired cadres, deputies to the People's Congress, democratic party members and senior intellectuals between 50-70 years old. Their main tasks are to provide consultancy services, report corruption cases to senior levels, and promote an honest work style for party and government officials.

They receive no pay from the supervisory departments, and work completely from a sense of social responsibility, according to an official from the Shanghai Supervision Bureau.

Over the past two years, Shanghai's part-time supervisors have been involved in resolving nearly 1,000 anti-corruption cases, the official said.

Local residents said they have found that part-time discipline inspectors are an effective social force in fighting corruption. The Shanghai Supervision Bureau is planning to engage the services of more part-time supervisors.

### Zhejiang's Li Zemin on Socialist Theory

OW2110202890 Hangzhou ZHEJIANG RIBAO  
in Chinese 5 Oct 90 p 1

[By Tang Yijun (0781 0001 6511) and Zhang Xinhua (1728 2500 5478)]

[Text] It is necessary to effectively strengthen education in socialist theory among cadres throughout the province, and regard it as the focus of the cadres' theoretical education at present. This was the common understanding arrived at during the provincial party committee's reading session that closed recently.

Guided by Marxist philosophy, the provincial party committee's 10-day reading session upheld the good study style of combining theory with practice, and specifically studied and discussed certain important issues of socialism. The provincial party committee paid particular attention to making the reading session a success. A special office work meeting for the secretary was held to study related issues. The meeting pointed out that leading cadres at various levels should not only perform their own regular duties well by constantly going deep down into grass-roots units, but also set aside a certain time to study basic Marxist theories. Li Zemin, secretary of the provincial party committee, spoke at the reading session. Presiding over and speaking at the reading session were Liu Feng, deputy secretary of the provincial party committee, and Sun Jiaxian, Standing Committee member and propaganda department head of the provincial party committee.

The comrades participating in the reading session made full use of this opportunity to conduct serious study, followed by thorough discussion of the three topics of how to correctly understand socialism, how to correctly understand capitalism, and how to correctly uphold the



party's basic line. All attendees unanimously agreed that this reading session was timely and fruitful, and provided a good example of the basic ways and methods that can be used to launch study and educational programs in socialist theory for cadres throughout the province. They said that this reading session will be a turning point for them to seriously exercise leadership over study and educational activities on socialist theory in their respective localities, departments, and units.

Li Zemin spoke at the end of the reading session. He fully agreed that the session was timely and successful. He said: It is useful for secretaries of city (prefectural) and county party committees to set aside some time during their busy work at the front line to do some quiet and serious reading, contemplate some questions, summarize some experiences, and study and discuss some theoretical issues. After going through some guided study and discussion, the attendees have become more aware of the importance and necessity of seriously studying the basic theories of scientific socialism under the current international and domestic circumstances, acquired a better understanding of some important issues of contemporary socialism and capitalism, and further bolstered their faith in socialism. He expressed the hope that after returning home, they would take account of the actual ideological conditions and practical work, and use the basic theories of Marxist philosophy and scientific socialism to think through some theoretical issues. They should continue to consolidate the fruits of their study and clarify some basic questions by combining theory and practice. All this should be used to guide their work. It is necessary to effectively conduct study programs in Marxist theory for leading departments at various levels. Party committees at various levels should make overall plans and arrangements in light of the situation of their localities or units, and in accordance with the requirements of the party Central Committee and the provincial party committee. They should improve leading cadres' theoretical quality, and regard it as an important matter for promoting theoretical development of the party. He urged theoretical study groups of party committees to take the lead, successfully engage in study programs, set good examples, and promote study among the cadres and masses, so that all fields of work will be performed better in Zhejiang.

Liu Feng spoke at the opening and closing of the reading session. He stressed: Seriously studying socialist theory is an extremely urgent mission for all comrades in the party, particularly the leading cadres at various levels. We should heighten our sense of historic mission and responsibility, and raise our consciousness in study. He said: Raising the leading cadres' Marxist theoretical level is urgently needed for our struggle against "peaceful evolution," and for our adherence to the four cardinal principles and the correct political direction. Especially since last winter and this spring, the lessons gained regarding to the changes in international affairs point out to us that it will be impossible to resolutely defend and consolidate the socialist position if ideological and theoretical education in scientific socialism is not promptly

and effectively strengthened, if the faith of the broad masses of cadres and people in socialism is not firm enough, and if the great wall of ideology and theory against "peaceful evolution" is not erected. We will make a historic mistake if we are not clearheaded and attentive to this issue. Since the political disturbance in the country last year, thanks to the work done in the past year and more, new and favorable changes have taken place in ideological and political work. However, we should not overestimate the result achieved in criticizing bourgeois liberalization. We should fully realize that the antagonism and struggle between the four cardinal principles and bourgeois liberalization will continue for a long time to come, and that if we want to score victory in the struggle, we should persistently arm the vast cadres and masses with the theory of scientific socialism and strengthen our resistance and immunity against the invasion of bourgeois liberalization thinking. We should scientifically sum up the experiences gained and the lessons learned since the founding of New China more than 40 years ago and since the start of reform and opening to the outside world more than 10 years ago. We should consciously adhere to the party's basic line, correctly master the relationship between the two basic points, and better understand the law of building socialism with Chinese characteristics. We should master the theory of scientific socialism to ensure the success of the modernization drive with socialist characteristics. The many difficulties and problems that we face in our present economy, the unstable factors prevailing in our social and political life, and all sorts of negative and corrupt phenomena within the party and in society have perplexed and puzzled some cadres. Under these circumstances, we should, on the one hand, work hard and concentrate our energy on running the state affairs well, try our very best to improve the national economy, and strengthen party building to bring out the superiority of socialism. On the other hand, after identifying the deep-seated problems in the ideological awareness of the people, we should positively educate and inculcate them with socialist theory in a bid to guide and unify the thoughts of the people, cadres in particular, and raise them to the high theoretical level of scientific socialism. From the angle of strengthening party building, it is equally important to steadfastly reinforce education in socialist theory for all party members, particularly leading cadres at various levels. Leaders and policy makers of various localities, departments, and units are the central force of our cause. In particular, the young and middle-aged comrades, who will be crossing over to the next century, will shoulder the responsibility of inheriting the past and ushering in the future at a historical juncture. Their performance, particularly their faith in socialism, will be of tremendous importance in determining whether the red banner of socialism will continue to fly in China. This has prompted the urgency in strengthening the education of cadres of this category. Liu Feng said: In view of this, the provincial party committee has decided to gather comrades at this reading session. It is hoped that all comrades will fully realize the far-reaching and strategic importance of



launching education in socialist theory to maintaining lasting peace and stability in the nation and ensuring that the socialist cause is passed down from generation to generation.

Based on the guidelines set by the national work conference on theoretical education for cadres, Sun Jiaxian made arrangements for theoretical study, education in socialist theory in particular, for cadres throughout the province in the next stage. In the coming six months or so, that is, from the fourth quarter of this year to around the first quarter of next year, the study of socialist theory for cadres should be prioritized and linked closely with the study of philosophy. Taking local needs into consideration, the various localities should follow the overall arrangements of the provincial authorities and do a good job in leading and organizing the study and education of socialist theory in party and government organs, enterprises (institutions), rural areas, and schools.

Lei Yun, deputy head of the provincial party committee propaganda department, and Yang Feng, economics professor of Zhejiang Silk Engineering College, respectively delivered guidance reports on three specialized topics at the reading session.

More than 130 people attended the reading session, including secretaries of city (prefectural) and county party committees, and principal responsible persons from the relevant provincial commissions, offices, and departments (bureaus). Also attending the reading session and hearing the guidance reports were leaders of the provincial party committee, as well as responsible comrades of the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and the various departments, bureaus, and colleges.

#### **Governor Shen Zulun Gives Speech on Agriculture**

*OW2210013390 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 19 Oct 90*

[Text] In his important speech at a provincial rural work conference on 17 October, provincial Governor Shen Zulun pointed out that the guiding principle of self-reliance and hard work must be thoroughly reflected in the efforts to develop agriculture and rural areas. He said: Zhejiang was seriously hit by natural disasters this year. Nonetheless, because of the hard work of our cadres and the masses, our grain production will increase by a certain amount this year. As a rule over the years, when the agricultural situation is not good and when grain is in short supply, agriculture's position and role as the foundation of the economy can be more easily realized by the public. When the agricultural situation becomes better, people tend to ignore the fact that agriculture is the foundation of the economy, and pay scant attention to grain production. Therefore, we must keep cool heads. In particular, we should strengthen education that stresses agriculture is the foundation of

the economy, and we should consolidate, maintain, and develop the current good agricultural situation.

Shen Zulun emphatically pointed out: The guiding principle of self-reliance and hard work must be thoroughly reflected in the efforts to develop agriculture and rural areas. The key to doing this is to make sure that our leaders have the idea that agriculture is the foundation of the economy. The important material base for improving the conditions for agricultural production, for increasing agricultural productivity, and for raising agriculture to a new level is to improve water conservancy work and farmland capital construction. This requires a large investment of manpower and financial resources. However, the state's current financial and material resources are very limited. Therefore, our only way to do this is to fully mobilize the masses to display the spirit of self-reliance and hard work.

Shen Zulun added: We must not blindly launch water conservancy work and farmland capital construction projects. It is important that we have leaders with a hard-working spirit. At the grass-roots level, we might say that all hard work is done by the masses under the leadership of party branch secretaries and heads of villages. In addition, leaders of provinces, cities, and counties should deepen their understanding, have a keen sense of responsibility, and strive to gradually create in a large part of the province over the next few years a situation in which people develop agriculture with a spirit of self-reliance and hard work.

Concluding his speech, Shen Zulun said: We must attach great importance to promoting vocational technical education, and to simultaneously promoting agriculture, science, technology, and education in order to further develop our agriculture. Comrades in the economic field should fully understand how to use education to develop the economy. In this respect, vocational technical education has more direct and visible results. In the last few years, leaders of some localities, departments, and enterprises have begun to pay attention to promoting vocational technical education, and good results have been achieved. I hope that experience in this field will be summed up and promoted in a broader area.

#### **Addresses Militia Conference**

*OW2210125990 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 20 Oct 90*

[From the "Provincial Hookup" program]

[Text] A provincial conference on militia work, which ended in Hangzhou today, has called on people to fully understand the strategic importance of building a reserve force for national defense in peace time; vigorously strengthen political construction of the people's militia; put the work of the people's militia on a solid basis organizationally, politically, and militarily; and raise their combat capability in an all-around way to contribute to Zhejiang's stability and economic development.

Shen Zulun, governor of Zhejiang and chairman of the provincial People's Armed Force Commission [sheng wu wei hui], spoke. He said: Party committees and governments at all levels must foster a firm belief in the importance of building a reserve force for national defense in the new period, always uphold the fundamental system under which the party commands the Armed Forces, and earnestly exercise leadership over the building of a reserve force for national defense. Party committees and governments at all levels must strengthen their sense in the use of the Armed Forces and make full use and bring into full play the role of the militia and reserve units in developing the economy and promoting the building of spiritual civilization.

On behalf of the provincial party committee, government, and military district, Major General Yang Shijie, commander of the provincial military district, reviewed the province's achievement and experience in conducting militia work since the people's militia department was placed under the jurisdiction of local government four years ago. Major General Xu Yongqing, political commissar of the provincial military district, spoke on ways to implement the guidelines of the conference.

#### **Zhejiang Promotes Circulation of Party Newspapers**

OW2210144890 Hangzhou ZHEJIANG RIBAO  
in Chinese 14 Oct 90 p 1

[Text] "A copy of a newspaper has as much effect as that of a propagandist. Adding one copy to circulation means adding one party propagandist." These remarks were made by Huang Xingguo, secretary of the Taizhou prefectural party committee, at a press circulation meeting held by the prefectural party committee.

The Taizhou Prefecture party committee held the 1991 press circulation meeting in Linhai City on 12 October. At the conference, Secretary Huang Xingguo made this call on comrades in departments concerned: We must realize that "a copy of newspaper has as much effect as that of a propagandist," and we must conduct the work of party press circulation with this in mind. We must improve the quality of our press circulation work and increase the circulation of party newspapers and journals. The press is a powerful weapon for imbuing the people with socialist ideas, transmitting the party's principles and policies, commending the advanced, fostering a healthy atmosphere, strengthening unity between cadres and masses, and promoting material and spiritual civilization. Party committees at all levels must attach importance to press circulation work in 1991, establish a circulation network, and do everything possible to accomplish this political task. Liang Xiong, member of the prefectural party committee and head of the propaganda department, called for down-to-earth efforts to carry out the circulation task for RENMIN RIBAO, ZHEJIANG RIBAO, GONGCHANDANG YUAN, and other party newspapers and journals.

Comrades attending the conference expressed strong confidence in carrying out the 1991 press circulation task. They believed that conditions were favorable to accomplishing next year's task. They said that by taking the task seriously, by mobilizing more people to do the job, and by working meticulously under strong leadership, they can do the job even better.

#### **Central-South Region**

##### **Henan Measures on Political Consultation**

HK2310100290 Zhengzhou Henan Provincial Service  
in Mandarin 2300 GMT 22 Oct 90

[Text] Listeners, "Measures of the Henan Provincial CPC Committee for Implementing Opinions of the CPC Central Committee on Persisting In and Perfecting the CPC-led Multiparty Cooperation and Political Consultation System" was published in full text in HENAN RIBAO today.

We asked the responsible person of the united front work department of the provincial party committee to tell us the drafting process of the "Implementation Measures" and the characteristics of the document.

He said: "Opinions of the CPC Central Committee on Persisting In and Perfecting the CPC-led Multiparty Cooperation and Political Consultation System" is a programmatic document of our country's socialist democracy building. Implementing and carrying out the "Opinions of the CPC Central Committee" is the common task of the party committees at various levels and various democratic parties as well. Since the "opinions" was issued to lower levels, the Henan Provincial CPC Committee has attached great importance to the work of implementing the spirit of the document. In early February of this year, the committee called for grasping propaganda and education concerning the spirit of the "opinions" on the one hand, and grasping concrete implementation of all the stipulations on the other, and set up the leading group for drafting "opinions" which was headed by the principal leaders of the provincial party committee and formed by the responsible persons of various democratic parties in our province, the responsible persons of the provincial federation of industry and commerce, representatives of public figures without party affiliation, and the responsible persons of the relevant departments of the provincial party committee, the provincial People's Congress, the provincial government, and the provincial Chinese People's Political Consultative Conference [CPPCC] Committee. The leading group also set up its work institutions at lower levels to oversee all the specific work concerning the drafting of the "implementation measures."

After the document was basically finalized, under the direction of Secretary Hou Zongbin, the provincial party committee invited the principal responsible persons of various democratic parties, the provincial federation of industry and commerce, and representatives of public

figures without party affiliation, to hold exhaustive consultations. All parties concerned unanimously held that the "implementation measures" conform with the realities in our province and that they are all realistic and feasible and can be promulgated for implementation. The "implementation measures" possess several characteristics:

1. It has laid special emphasis on strengthening and perfecting the party leadership. The "implementation measures" point out: The CPC committees at all levels must strengthen and improve leadership over democratic parties, place work relating to them on their work agendas, and listen to reports, analyze situations, and carry out supervision and inspection on a regular basis. It stresses that on the premise of adhering to the party leadership over democratic parties, efforts must be made to further perfect and improve the system under which the CPC cooperates with democratic parties in doing work, and hold political consultations with democratic parties;

2. It emphatically stresses that people both within and without the party must conscientiously study the "Opinions of the CPC Central Committee," heighten ideological understanding, and enhance consciousness, initiative, and sense of responsibility in implementing and carrying out the "opinions;"

3. It puts forward a series of specific stipulations aimed at persisting in and perfecting the CPC-led multiparty cooperation and political consultation system in our province in accordance with the spirit of the "Opinions of the CPC Central Committee" and closely in light of the realities in our province;

4. Regarding supporting and helping democratic parties to strengthen their self-building, it puts forward demands on the CPC committees at all levels and various democratic parties in our province.

In one word, the "implementation measures" put forward by the provincial party committee was formulated in accordance with the basic spirit of the "Opinions of the CPC Central Committee," in light of the realities in our province, and on the basis of comprehensively summing up and absorbing many a successful experience of our province. It is a document which conforms with reality, has a relatively clear-cut aim, and is suitable for implementation.

At present, the party committees at all levels, all the relevant departments, and various democratic parties of our province are implementing and carrying out the "implementation measures" item by item, and have already made headway and breakthroughs in certain aspects. We can rest assured that so long as the party committees, people's congresses, governments, and CPPCC committees at all levels, and all the other relevant departments and various democratic parties implement and carry out the "implementation measures" in a down-to-earth manner, our province is bound to witness a completely new situation in respect of persisting in and

perfecting the CPC-led multiparty cooperation and political consultation system. A speedier and greater development in respect of maintenance of stability and unity, socialist economic construction, democracy building, and various other undertakings will in turn be in store for our province.

### Guan Guangfu at Xu Beihong Painting Exhibition

HK2210124890 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 20 Oct 90

[Excerpt] Listeners, the grand Xu Beihong Art Exhibition began in Wuchang's Hubei Provincial Art Gallery.

Provincial leaders Guan Guangfu, Huang Zhizhen, Tao Shuzeng, Wang Hanzhang, Wang Libin, Mu Changsheng, Hu Hengshan, and Zeng Chonglang attended the exhibition. (Han Ningfu), (Ni Erzong), and others as well as Xu Beihong's widow (Liao Jinwen) cut the ribbon at the opening ceremony of the exhibition.

Our station reporter (Kang Hong) interviewed (Liao Jinwen) who is now director of the Xu Beihong's Memorial Hall. The following is the recorded interview:

Reporter: Director Liao, first of all, I would like you to explain the significance and scale of this exhibition to our listeners.

Liao: The purpose of our holding this exhibition is first to bring Xu's works to Hubei and Wuhan City to let the people here watch them. We hope Xu's works will be appreciated by more people. Second, all the works exhibited by us at this exhibition are realistic ones which have embodied the realistic art ideology and teaching methods persistently adhered to by Mr. Xu for a long time. [passage omitted]

### Hubei's Grain Output Sets 'All-Time Record'

OW2010062590 Beijing XINHUA Domestic Service  
in Chinese 0036 GMT 16 Oct 90

[By reporter Zhan Zhongde (6124 0112 1795)]

[Text] Wuhan, 16 Oct (XINHUA)—Hubei Province, a major "granary" in China, recently had glad tidings—the province's grain output set another all-time record this year, after huge increases over the past nine consecutive years. According to statistics, the province's total grain output this year reached at least 24.2 billion kg, an increase of more than 500 million kg over the previous year.

Grain procurement in the province was even more gratifying this year. According to grain departments' figures, the grain sector alone procured a total of 7.65 billion kg of grain as of the end of September, 1.37 billion kg higher than that for the same period last year.

What made it possible for Hubei Province to sustain big increases in grain output year after year over the past 10 years or so? Primarily, this can be attributed to the provincial party committee and government. They



established a clear-cut guiding ideology and took effective measures to facilitate agricultural development, which in turn has constantly boosted the staying power of agricultural production.

Paying special attention to agricultural production, the Hubei provincial party committee and government have concentrated on the following areas during the past 10 years:

To begin with, they have helped leading cadres at all levels constantly heighten their understanding about the fundamental significance of agriculture so that they can do a solid job promoting agriculture at all times. The province had a bumper grain harvest in 1984. However, owing to a temporary hitch in circulation, many localities experienced "difficulties in selling grains." As a result, some people got the wrong impression of "an overproduction of grain" and slackened their efforts in promoting grain production. In view of this, the provincial party committee and government held a province-wide conference on rural work to help cadres at all levels get a correct picture of the "difficulties involved in selling grain." They clearly explained to the cadres that there was no such a thing as an overproduction of grain; on the contrary, the current grain output was far from keeping pace with population growth and meeting forage needs.

In addition to this, the provincial party committee and government have tried every possible way to boost the

material input for agriculture. According to the provincial agricultural department, Hubei Province has raised its agricultural investment by 20 to 30 million yuan annually in recent years despite the fact that the province has been suffering financial difficulties. This year, the province's agricultural investment rose by more than 50 million yuan to over 300 million yuan, as compared to more than 100 million yuan 10 years ago. As a result of the increase in agricultural funds, the province has been able to make great improvements in recent years in the basic conditions for agricultural production, such as irrigation and water conservation, production of grain seeds, and industries in support of agriculture.

Meanwhile, the province has also made constant efforts to increase technical input and disseminate agrotechniques. Agrotechniques promotion centers have been set up in the province's 70 counties (cities), and about 85 percent of townships and towns in the province have agrotechniques promotion stations. The province also helped peasants to establish 1,391 professional associations and societies. The formation of this comprehensive agrotechniques dissemination system has helped to spread and put many agrotechnical achievements into practice. According to incomplete figures, the province has disseminated more than 500 agrotechnical achievements during the past 10 years. In the popularization of hybrid rice technique, for example, the area for growing hybrid rice has expanded to more than 200 million mu this year compared to around three million mu in the past. This alone has helped push up grain output by 2.55 billion kg.

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